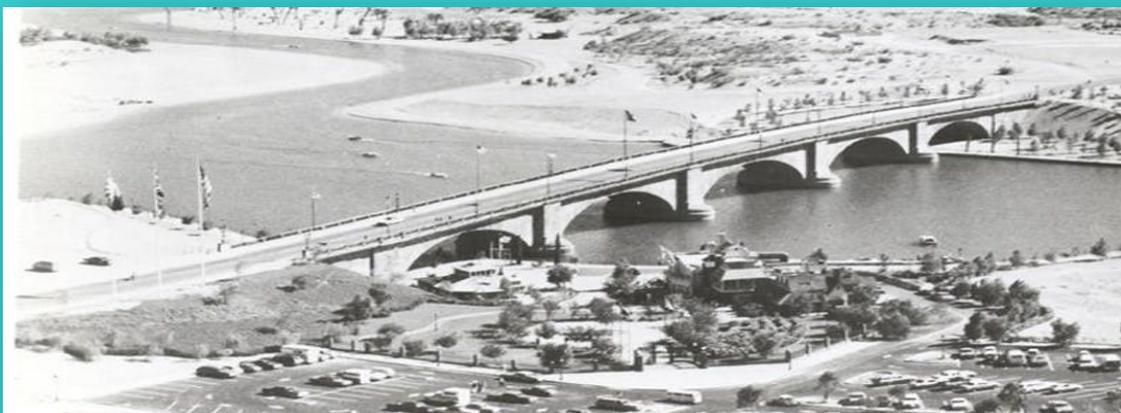


Annual Comprehensive Financial Report



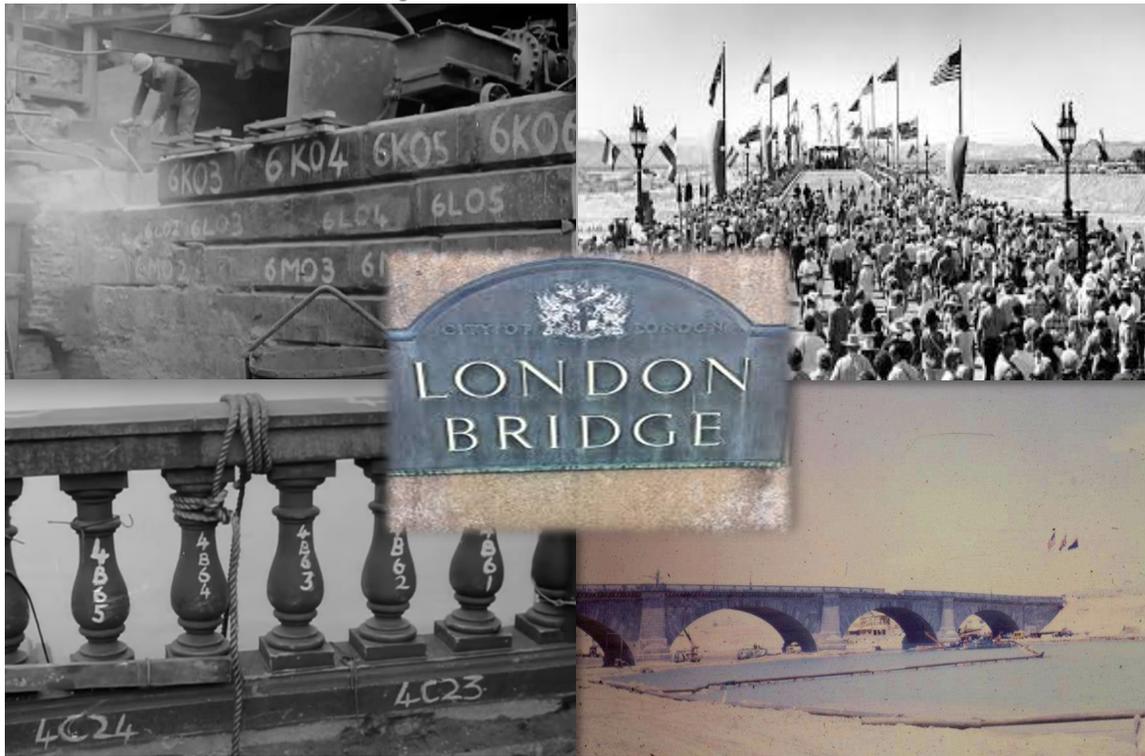
Lake Havasu City, Arizona

Year Ended June 30, 2021





Annual Comprehensive Financial Report For the fiscal year ended June 30, 2021



Lake Havasu City



Prepared by the Administrative Services Department

Jill Olsen
Administrative Services Director

Trinna Ware, MBA
Finance Division Manager



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INTRODUCTORY SECTION





March 8, 2022



To The Honorable Mayor and Members of the City Council and Citizens of Lake Havasu City, Arizona

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) of Lake Havasu City, Arizona for the fiscal year ended June 30, 2021. Arizona Revised Statutes, Section 9-481 requires that incorporated cities annually publish a complete set of financial statements. The financial statements must be presented in accordance with accounting principles generally accepted in the United States of America and audited in accordance with generally accepted auditing standards by a certified public accountant, or a public accountant licensed by the Arizona Board of Accountancy. This report complies with these requirements.

The Annual Comprehensive Financial Report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect City assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. The City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2021, are free of material misstatement. The independent auditor concluded, based upon their audit, that the City's financial statements for the fiscal year ended June 30, 2021 are fairly presented in accordance with accounting principles generally accepted in the United States of America. This is the most favorable conclusion and is commonly referred to as an unmodified or "clean" opinion. The independent auditor's report is presented as the first component of the financial section of this report.



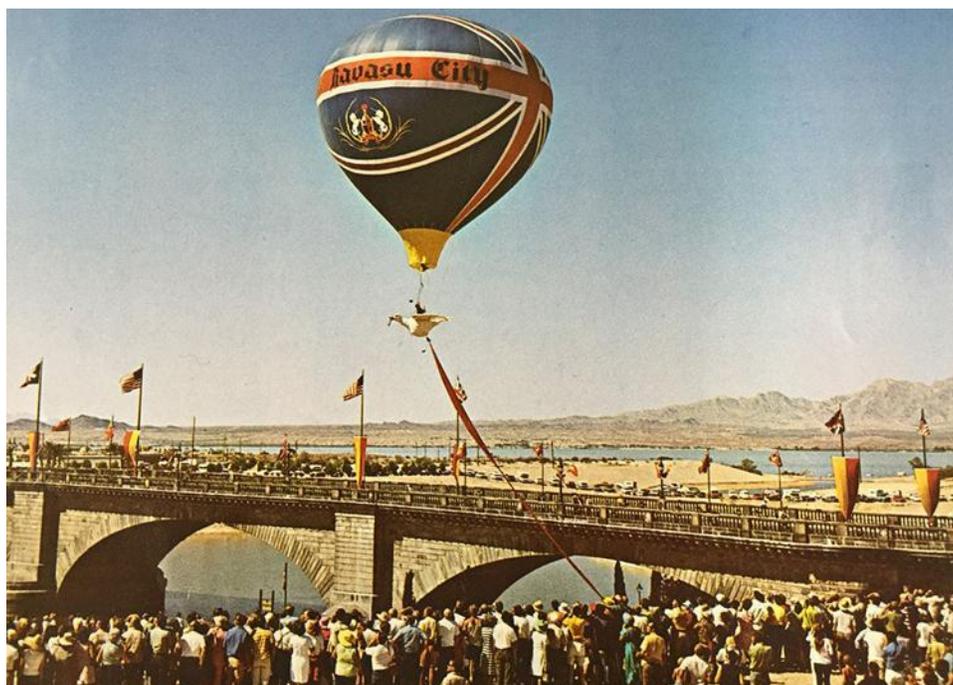
The independent audit of the financial statements of the City was part of a broader, federal and state mandated “Single Audit” designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These auditor reports are available on the City’s website.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

Profile of Lake Havasu City

History - Lake Havasu was created with the construction of the Parker Dam in the 1930s. Prior to this, what is now Lake Havasu was a remote section of the Colorado River. In 1963, Robert P. McCulloch purchased a 26-square-mile parcel of barren desert that would become the site for Lake Havasu City.

Lake Havasu City was founded as a master-planned community with an emphasis on recreation and residential retirement. Robert P. McCulloch captured the world’s attention in 1967 when he purchased the London Bridge and relocated it from England to the stunning Colorado River. The bridge structure was dismantled brick by brick in London, transported to Lake Havasu City, and authentically reconstructed over a three-year period. In addition, a mile-long bridge channel was dredged, which links an island in the Colorado River with the main part of Lake Havasu City. The bridge was completed, and the “rededication” of the London Bridge took place on October 10, 1971. This year marked the Golden Anniversary of the London Bridge. Lake Havasu City joined together and celebrated with many fun and exciting events in October.



In 1963, Lake Havasu City did not qualify for incorporation under state law and so became a recognized Irrigation and Drainage District (IDD). The IDD's Board of Directors acted as City Councilmembers in order to run the City. In the early 1970s, the Board took steps toward incorporation. Near the end of the decade, incorporation was made possible with a new state law that enabled a new municipality to organize as a city and to assume trusteeship of bonded debts and special districts. The City was incorporated in 1978 by a vote of the residents.

Current Profile - Lake Havasu City is situated in the western part of Arizona in the third largest county in the United States, Mohave County. The shores of the sparkling Colorado River serve as the western border of the City, while the Mohave Mountains lie to the east. Lake Havasu City is two hours south of the world famous Hoover Dam and three-and-a-half hours southwest of the Grand Canyon, Arizona's own World Wonder. Lake Havasu City, the largest city in Mohave County, covers 46 square miles and has an estimated population of 59,796 as of July 1, 2021. Lake Havasu City ranks in the upper quartile for Population Density when compared to other cities, towns, and Census Designated Places in Arizona. The area attracts 835,000 visitors annually with its historic London Bridge, pristine lake, friendly community, abundant sunshine and annual events, ideal weather, and wide range of restaurants and lodging. Many of Lake Havasu City's residents are retired. The median age of City residents is 54 years old and has steadily increased over the last fifteen years. Boasting 290 days of sunshine, the City is also temporarily home to approximately 15,000 winter visitors from fall through the early spring months. These seasonal visitors typically come from colder climates across North America. The influx of winter visitors increases the population of the City by approximately 25%. The City's top industries include retail, healthcare and social services, accommodations, and food service.



Government and Organization - Lake Havasu City has operated under the council-manager form of government since incorporation in 1978. The Mayor and six City Council members are elected at large on a non-partisan ballot and serve overlapping four-year terms. The City Council appoints the City Manager, City Attorney, and Presiding Judge who have the full responsibility of carrying out City Council policies and administering day-to-day operations. The City provides a full range of municipal services including police and fire protection, water and sewer services, construction and maintenance of streets, recreational activities, and a variety of other traditional support activities.

The City is empowered to levy a property tax on real and certain personal properties located within its boundaries. It is also empowered to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

Budget - The Annual Budget serves as the foundation of the City's financial planning and control. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1st. The budget includes all proposed expenditures and the means to finance them. The legal level of control is at the department level. The City's budget includes contingency funds which can be authorized for unanticipated expenditures and emergency events. The City Council is required to hold public hearings on the proposed budget and the tax levy in order to provide taxpayers an opportunity for comment. A tentative budget must be adopted by the City Council by the third Monday in July, but the City makes every effort to have the final budget adopted prior to the start of the new fiscal year.

Local Economy

The information presented in the financial statements is perhaps best understood when it is considered from a broader perspective of the specific environment within which the City operates.

Lake Havasu City continues to put an emphasis on recreation and residential retirement.

Business

Lake Havasu City local economy was strong in fiscal year 2021. Covid restrictions in the surrounding states of Nevada and California were stricter, creating an increase in both temporary and longer-term visitors. This influx of people created a boom in vacation rentals and hotel revenues. Vacation rentals increased 95% over fiscal year 2020, and hotel revenues increased 39% over the previous year, creating an additional \$1.3 million in tax revenue. Lake Havasu saw an \$839,000 (100%) increase in online marketplace revenue. This was driven by online purchase increases due to the Covid-19 pandemic, as well as State-mandated online sales tax reporting requirements.



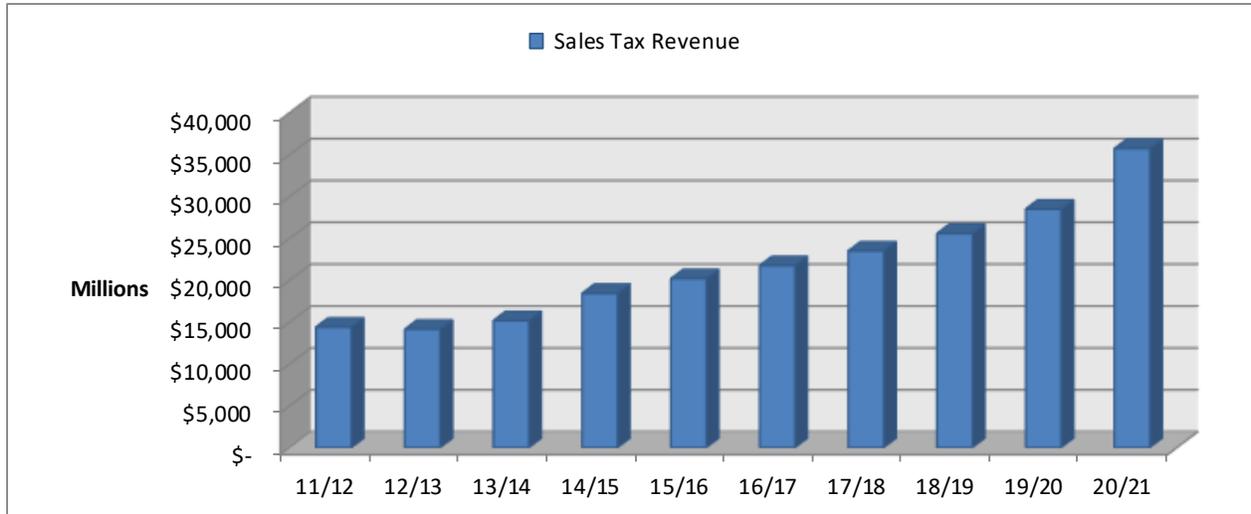
Following the community survey by Lake Havasu City, broadband could be considered the most vital issue, limiting both residential use and the ability to conduct business at a modern pace. On September 10, 2021, ALLO Communications announced a \$50 million investment for the fiber-to-the-premise project, offering 10-gigabit bandwidth in Lake Havasu City. Improved connectivity will be a major positive impact for our residents and business community.

Tourism and Visitation

In 2021, Lake Havasu City drew international media exposure through its celebration of the 50th anniversary of the rededication of the London Bridge. The creativity of Robert P. McCulloch captured the world's attention in 1967 after he purchased the London Bridge and relocated it from the River Thames in England to the stunning Colorado River. Fifty years later, his vision thrives in what is now a quaint tourist destination that continues to captivate around 1 million visitors annually. From yoga at vortices to high-performance boating events, Lake Havasu City is Arizona's playground. In addition to being Home of the London Bridge, this shoreline community is also home to 450 miles of river coastline, 1,100 acres of hiking and mountain biking trails, and 1,800 miles of off-road trails. Lake Havasu City attracts thousands of visitors each year by hosting the top lake and desert racing events in the world; one of the largest hot air balloon festivals in the nation; the largest fireworks display in the Western U.S.; and several of the largest classic car, hot road, and boat shows in the Southwest. The City boasts the largest infinity pool in Arizona; one of the top five largest sports complexes for skateboards, BMX, and scooters in the nation; and the most functional replica lighthouses of any other city in America.

City Sales Tax Revenues

Local sales tax is the City's largest General Fund revenue source and is second only to utility revenues citywide. Overall Transaction Privilege Tax (TPT) collections increased 25.3% from fiscal year 2020 to 2021. This is a continuing trend of recovery for the City, which has experienced steady growth in sales tax revenue since fiscal year 2010. The City's three-cent hotel/motel tax (bed tax), increased 115.1%, and the restaurant and bar one-cent tax increased 38.1% from fiscal year 2020. This was largely driven by the vacation rentals, as previously discussed. Restaurant and Bar TPT decreased in February thru April of 2020 as a direct result of State-mandated Covid-19 closures; in 2021, the same three months contributed 27% of the year-over-year increase. Restaurant and Bar TPT exceeded prior year revenue in 11 of 12 months.



Economic Development

Residential permits saw an overall increase of 21% over the prior year, with single-family housing permits up by 35% and multi-family housing permits increasing 100%. Residential valuations increased 32%, from \$106 million in fiscal year 2020 up to \$140 million in fiscal year 2021. Although there was a slight decrease overall of 5% in commercial permits, new commercial projects increased 143%, and commercial valuations were also up 4% over the previous year. Revenue generated from residential and commercial building permits increased 26%, from \$1.9 million in fiscal year 2020 up to \$2.4 million in fiscal year 2021.

Residential and commercial growth has been promoted by rezones and general plan amendments such as allowing high-density residential near Victoria Farms Road and allowing mixed-use development on a 12-acre property across from AZ State Park’s Windsor boat launch.

The building industry in Lake Havasu has continued to thrive. The Foothills development is on track, with several subdivisions in Phases I and II completed or in process, to include The Arroyos, The Villas, The Enclaves, Ladera South, and Ladera North, and Phase III is now in the beginning planning stages. The Havasu Riviera development also continues to grow with subdivisions Black Rock and The Ridges.



Havasu Riviera – Continuing Development

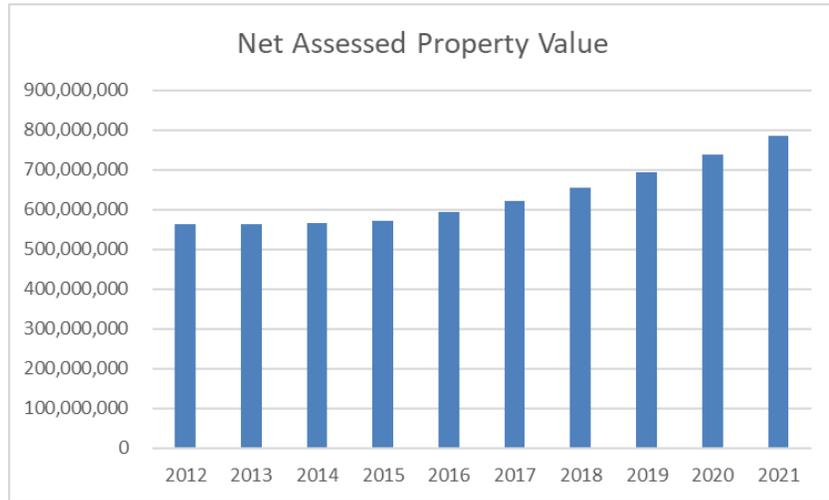


Havasu Riviera – Continuing Development



Property Values

Total net assessed property values in the City have not yet reached the level of values prior to the Recession but have been increasing since 2012. Total primary property values are \$786 million in 2021, an increase of 10%, and \$802 million in 2022, an increase of 6%. The City is statutorily allowed to set the primary property tax rate at a 2% annual growth in revenues plus new construction.



The 2021 budget sustains the City’s long tradition of financial strength and flexibility, balanced with reinvestment in the infrastructure and services that support economic development and a high quality of life for residents.

As reported to Council during the fiscal year 2021 budget process, financial projections for fiscal year 2021 show continued signs of positive revenue growth, specifically in transaction privilege tax and property tax revenues. Locally, the unemployment rate on June 30, 2020, was 7.4%, which represents a decrease from the June 2020 rate of 11.9%.

Long-Term Financial Planning

The City seeks to consistently maintain a strong financial position as evidenced by its AA-/Aa3 rating from Standard & Poor’s Rating Group and Moody’s Investors Services, respectively, on its outstanding general obligation bonds, where debt service is supported by property taxes. Ratings for bonds supported by the City’s enterprise revenues or excise taxes are A-/A2, respectively. This objective requires regular long-term planning of operating and capital requirements for its major general government and enterprise programs. In doing so, the City relies on key financial policies and procedures for dealing with future events in fiscally responsible ways.

A key financial goal of the City is to maintain healthy reserve levels. Other financial practices followed are designed to avoid the meeting of recurring expense needs with one-time revenue resources and to ensure an ongoing mix of pay-as-you-go funding and long-term debt for capital needs.



Major Initiatives and Accomplishments

The following highlights some of the accomplishments achieved by the City in fiscal year 2021:

- Acquisition of 92 Acoma for future courthouse operations. Established fiberoptics for network communication and auctioned equipment inventory after coordinating upgrades for appropriate City facilities.
- Implementation of new utility billing system—NorthStar software installation, which will improve the overall experience for staff and customers.
- Redesigned vacation rental registration process and selected a third-party supplier for short-term rental compliance assistance.
- Continued to assist in the resolution of cases heard in Veterans Court and assisted in organizing and attending Veteran group events.
- Received and processed over 5,800 Lake Havasu City Public Records Requests.
- Assisted with the implementation of the Lake Havasu City Public Meeting Action Plan for facilitating remote attendance and participation in meetings by members of the City's public bodies and members of the public.
- Implemented a pilot program at Fire Station 1 with Live CAD monitors to improve the turn-out times (Dispatch to Enroute time) for the frontline apparatus.
- Created two new bocce ball courts at Jack Hardie Park, upgraded the basketball court at London Bridge Beach, and resurfaced tennis courts at Lake Havasu High School.
- The Lake Havasu City Police Department Records Division worked diligently on the implementation of AZPOINT (Arizona Protective Order Initiation and Notification Tool). This program assists with streamlining the protection order process by reducing the amount of time between issuance of the order and service to the defendant. This statewide automated program allows agencies to exchange the orders for service depending upon where the defendant is located, creating a more efficient process for plaintiff notification and tracking of the orders, alleviating the need for local departments to manually track.
- Belt/Filter/Press replacement and rehabilitation at the Mulberry Treatment Plant and Island Treatment Plant.



Major Capital Projects 2021 Expenditures:

- Taxiway Alpha Pavement
- New Municipal Courthouse
- Water Tank and Booster Replacements – Multi-year project to update for the enhancement of service reliability, system redundancy, and lowering of operations and maintenance.
- Infrastructure Improvements: Stabilization of Havasupai Wash 3, Exploratory Well Drilling and Backup Water Supply, and Wastewater Island Treatment Plant (ITP) Flow Equalization Basin.

For the Future

Lake Havasu City's adopted fiscal year 2021 budget supports core services and the priorities and policy direction of the City Council. The combined capital and operating budget for the fiscal year beginning July 1, 2021, totals \$181 million, excluding depreciation. The projections for continued growth of revenues into FY21-22 remain unknown; however, the estimated revenues were adjusted for the pandemic effects and then projected to have an increase over the amounts budgeted for FY 20-21. The challenges in balancing the budget include available resources in some of the funds and balancing ongoing budget expense requests with ongoing funding. The budget balances moderate projected revenue increases, supplemented with potential grant funding due to the pandemic, and additional expenses in priority areas such as public safety retirement, compensation programs, and employee healthcare, including:

- 6.3% or \$328,000 increase in property tax revenue for new construction and holding the tax levy rate
- 38% or \$8 million increase in local sales tax revenue due to projecting a 20% decrease in the FY 20-21 budget due to the pandemic
- 10% or \$3.3 million to fully staff and continue the citywide merit step increases and add 22 new full-time positions
- 13.9% or \$885,000 in public safety retirement expense

The 2022 capital budget includes new and/or continuing projects totaling \$34.8 million, including:

- Continuation of the Water Main Replacement Program, Tank/Booster Station Improvements, and Exploratory Well Drilling for Backup Water Supply - \$6.1 million
- Wash Stabilization and Drainage Improvements - \$3.7 million
- Wastewater Island Treatment Plant Flow Equalization Basin - \$5.3 million



- Wastewater Mulberry Treatment Plant Tertiary Capacity Increase, and 8" Ductile Iron Force Main Replacement - \$1.7 million
- Airport Airfield and Runway Improvements - \$9.8 million
- Parks, Public Safety, and Streets Improvements - \$4 million

Fiscal year 2022 capital funding sources include traditional capital revenues, capital reserves, and grants.

Awards and Acknowledgments

The City has participated in and was awarded the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program for fiscal year ended June 30, 2020. GFOA recognizes governmental units that issue their ACFR substantially in conformity with Generally Accepted Accounting Principles (GAAP) and legal requirements. The City has received this award for its Annual Comprehensive Financial Report since 1986.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another award.

This report has been prepared by the City's Administrative Services Department, primarily the Finance Division staff. The contributions of all are invaluable and clearly reflect the high standards set for City staff.

It is also appropriate to thank the Mayor, City Council members, and the City Manager for making possible the excellent financial position of the City through their interest and support in planning and conducting the financial affairs of the City.

Respectfully submitted,

Jill Olsen
Administrative Services Director

Trinna Ware
Finance Division Manager, MBA



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Lake Havasu City
Arizona**

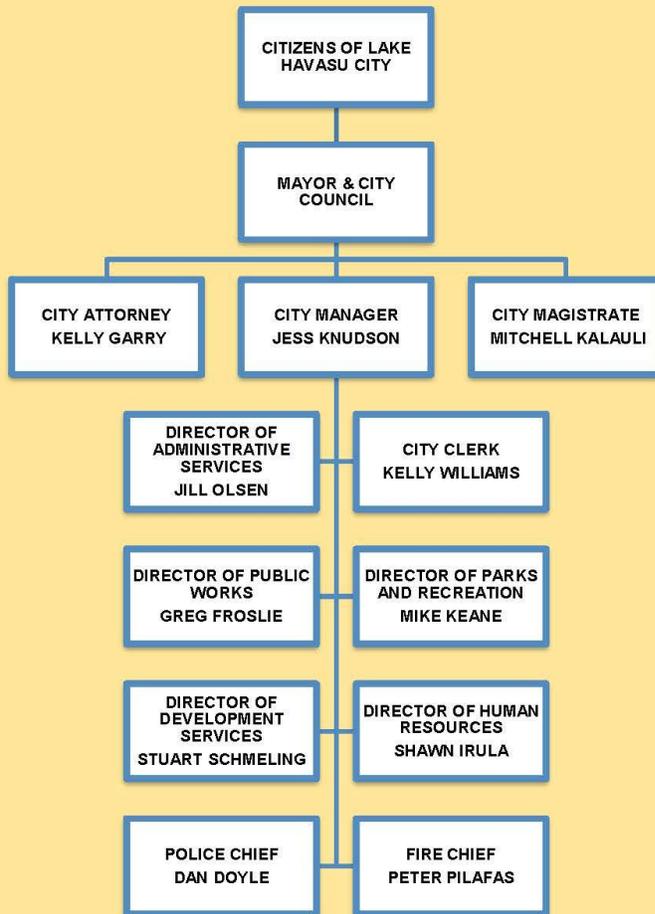
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

ORGANIZATIONAL CHART



City Council



Pictured from left to right:

Jeni Coke, Vice Mayor
Jim Dolan, Councilmember
Nancy Campbell, Councilmember
Cal Sheehy, Mayor
Michele Lin, Councilmember
Cameron Moses, Councilmember
David Lane, Councilmember

**2330 MCCULLOCH BLVD N.
LAKE HAVASU CITY, AZ 86403
(928) 855-2116 | LHCAZ.GOV**

FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and the City Council
Lake Havasu City, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake Havasu City, Arizona (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Highway User Revenue (HURF) Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 4.E. to the financial statements, the City restated beginning balances of its financial statements for the ended June 30, 2021, to correct misstatements in its previously issued financial statements. Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Changes in the City's Net OPEB Liability and Related Ratios, the Schedule of the City's Proportionate Share of Net Pension Liability, Schedule of City Pension Contributions, and Schedule of Changes in the City's Net Pension Liability and Related Ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable Mayor and the City Council
Lake Havasu City, Arizona

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2022, on our consideration of the Lake Havasu City, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lake Havasu City, Arizona's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Phoenix, Arizona
March 8, 2022

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Management's Discussion and Analysis

This section of the Lake Havasu City, Arizona's (the City) Annual Comprehensive Financial Report (ACFR) presents a narrative overview and comparative analysis of the financial activities of the City for the fiscal years ended June 30, 2021, and 2020. Readers are encouraged to consider the information presented here in conjunction with the basic financial statements that immediately follow, along with the letter of transmittal, and other portions of this Annual Comprehensive Financial Report.

Financial Highlights

- The City's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources at the close of the fiscal year 2021 by \$308 million (net position). Of this amount, \$53.7 million represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase in unrestricted net position of \$23.5 million from fiscal year 2020.
- As of June 30, 2021, the City's governmental funds had a combined ending fund balance of \$72.9 million, an increase of \$21.7 million (42.3%) in comparison with the prior fiscal year. The increase in fund balance was primarily due to an increase in revenue for sales tax of \$7.2 million, \$1.0 million in State Shared Sales Tax and \$6.4 million from Arizona Coronavirus Aid, Relief, and Economic Security Act (AZCares), as well as a reduction of \$6.3 million in debt service payments.
- At the close of the fiscal year, the General Fund had an ending fund balance of \$59.4 million, which represents an \$18.9 million increase from the prior fiscal year. Of that amount, unassigned fund balance for the General Fund was \$57.9 million or 106.3% of the total General Fund expenditures of \$54.5 million.
- The City's total liabilities increased by \$5.0 million to \$358.9 million during the fiscal year. This increase is the net of an increase of \$13.2 million in the Governmental Activities and a decrease of \$8.2 million in the Business-Type Activities. The increase is due primarily to an increase of \$1.0 million in accounts payable and \$1.0 million in a developer agreement. The decrease in Business-Type Activities liabilities is primarily from the repayment of long-term debt in the amount of \$7.4 million.

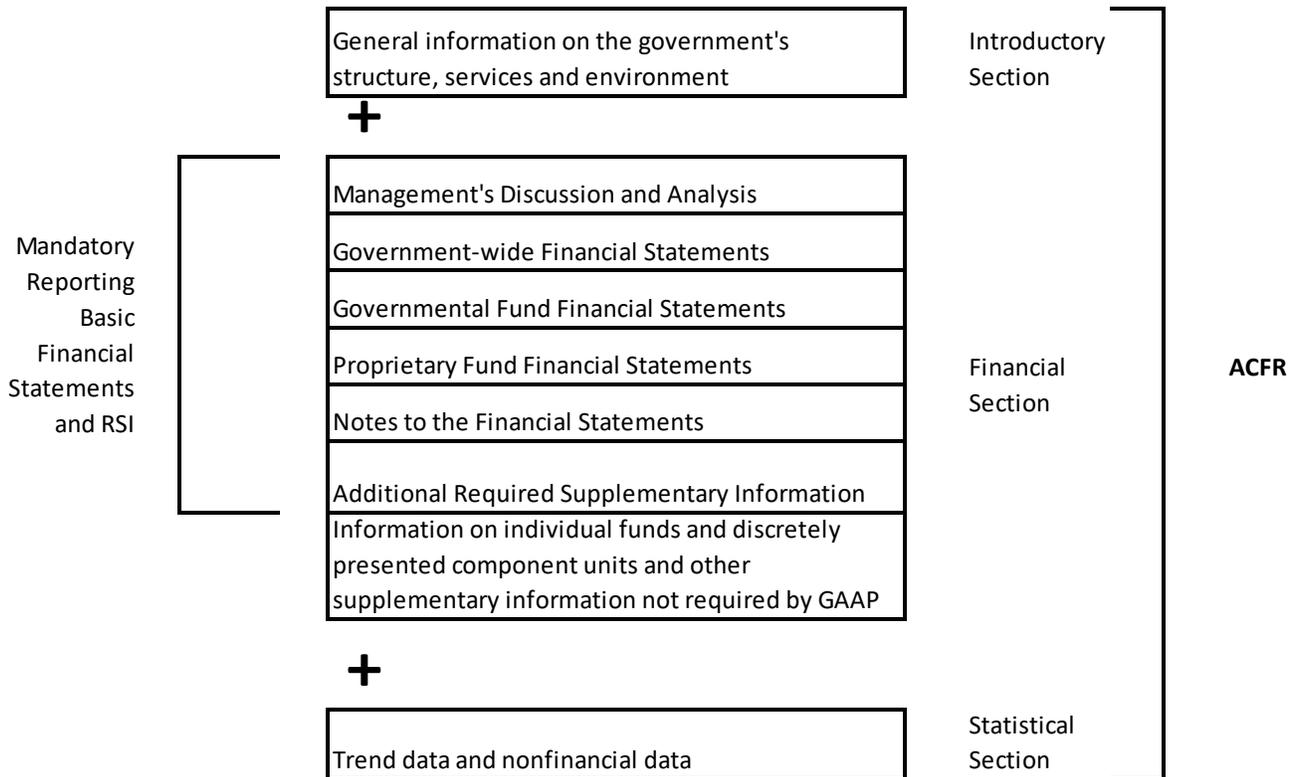
**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

This report also contains supplementary information in addition to the basic financial statements themselves.

**The Annual Comprehensive Financial Report (ACFR) and
Relationship to the Basic Financial Statements and Required
Supplementary Information (RSI)**



Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

The **statement of activities** presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, culture and recreation, tourism and promotion, and transportation services. The business-type activities of the City include water (Irrigation and Drainage District (IDD)), wastewater and trash (Refuse) utilities, and the airport. These activities are primarily supported through user charges and fees.

The government-wide financial statements include not only the City itself but other separate legal entities in its report. The Improvement Districts, the IDD Fund (water), and the Metropolitan Planning Organization (MPO) represent legally separate, "component units." These are important to note because the City is financially accountable for these component units. A description of these units is available in Note 1 A. on page 52. Separate financial statements are not prepared for these component units.

The government-wide financial statements can be found immediately following the Management's Discussion and Analysis in this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

The City maintains several individual governmental funds organized according to their purpose (special revenue, debt service, and capital projects) presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and Highway User Revenue Fund (HURF) which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in a separate section in this report.

The City adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and HURF Fund as part of the basic financial statements to demonstrate compliance with this budget. Budgetary comparisons for all other governmental funds are provided in the combining and individual fund statements and schedules.

The basic governmental fund financial statements immediately follow the government-wide financial statements in this report.

Proprietary Funds. Proprietary funds are generally used to account for services for which the City charges its customers - either outside customers, internal units, or departments of the City. The City maintains two different types of proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water (IDD), wastewater, trash (Refuse), and airport operations. Three of the City's enterprise funds, the IDD, Wastewater and Refuse are considered major funds of the City. Individual fund data on the Airport is provided in the nonmajor business-type activities column of the Proprietary Fund financial statements.

The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements in this report.

Notes to the Financial Statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements immediately follow the proprietary fund financial statements in this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and other postemployment benefits for eligible city employees hired before July 1, 2004. The required and supplementary information immediately follows the notes to the basic financial statements in this report.

Combining Statements. The combining and individual fund statements and schedules referred to earlier in connection with nonmajor governmental and enterprise funds are presented immediately following the required supplementary information in this report.

Statistical Information. The statistical section, found immediately following the combining and individual fund statements and schedules in this report, presents detailed information as a context for understanding what the information in the financial statements, notes, disclosures, and required supplementary information indicates about the City's overall financial health.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Government-wide Financial Analysis

While this document contains information about the funds used by the City to provide services to our citizens, the Statement of Net Position and the Statement of Activities serve to provide information on how the City, as a whole, did financially throughout the year. These statements use the accrual basis of accounting similar to the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. For the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$308 million at the close of fiscal year 2021 and \$281 million at the close of fiscal year 2020.

The following table is a condensed summary of the City's net position for governmental and business-type activities:

**Condensed Statement of Net Position
June 30, 2021 and 2020
(in thousands of dollars)**

| | Governmental Activities | | Business-Type Activities | | Total | | Percent Change |
|----------------------------------|-------------------------|-----------|--------------------------|------------|------------|------------|----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | |
| Current and Other Assets | \$ 82,264 | \$ 57,365 | \$ 106,050 | \$ 98,947 | \$ 188,314 | \$ 156,312 | 20.5 % |
| Capital Assets | | | | | | | |
| Non-depreciable | 31,632 | 31,677 | 15,306 | 16,262 | 46,938 | 47,939 | (2.1) |
| Depreciable | 75,698 | 74,549 | 338,994 | 347,311 | 414,692 | 421,860 | (1.7) |
| Total Assets | 189,595 | 163,591 | 460,350 | 462,520 | 649,944 | 626,112 | |
| Deferred Outflows of Resources | 20,870 | 15,501 | 1,280 | 741 | 22,150 | 16,242 | 36.4 |
| Other Liabilities | 8,998 | 5,757 | 8,120 | 9,660 | 17,118 | 15,417 | 11.0 |
| Non-current Liabilities | | | | | | | |
| Due Within One Year | 4,901 | 3,261 | 6,004 | 5,765 | 10,905 | 9,026 | 20.8 |
| Due in More Than One Year | 107,390 | 99,061 | 223,480 | 230,392 | 330,870 | 329,453 | 0.4 |
| Total Liabilities | 121,289 | 108,079 | 237,605 | 245,817 | 358,893 | 353,898 | |
| Deferred Inflows of Resources | 3,821 | 5,533 | 1,780 | 2,158 | 5,601 | 7,692 | (27.2) |
| Net Positions: | | | | | | | |
| Net Investment in Capital Assets | 103,715 | 104,000 | 131,836 | 138,614 | 235,552 | 242,614 | (2.9) |
| Restricted | 9,704 | 7,962 | 8,684 | 10 | 18,389 | 7,972 | 130.7 |
| Unrestricted | (28,065) | (46,482) | 81,725 | 76,661 | 53,660 | 30,179 | 77.8 |
| Total Net Positions | \$ 85,355 | \$ 65,480 | \$ 222,245 | \$ 215,285 | \$ 307,600 | \$ 280,765 | |

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

The largest portion of the City's net position in fiscal year 2021 and fiscal year 2020, \$235.6 million (76.6%) and \$242.6 million (86.4%), respectively, reflects its investment in capital assets, (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire these assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, in the amount of \$18.4 million (6.0%) in fiscal year 2021, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$53.7 million (17.4%) may be used to meet the government's ongoing obligations to citizens and creditors. In fiscal year 2020, \$7.9 million (2.8%) of the City's net position was subject to external restrictions and \$30.2 million (10.8%) was available to be used to meet the government's ongoing obligations to citizens and creditors.

Analysis of Changes in Net Position

Total revenues exceeded total expenses in the current year, resulting in an increase in the City's total net position of \$27.0 million in fiscal year 2021 compared to an increase in net position of \$13.2 million during fiscal year 2020. These changes are explained in the government and business-type activities discussion.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

**Statement of Activities
Fiscal Years Ended June 30, 2021 and 2020
(in thousands of dollars)**

| | Governmental Activities | | Business-Type Activities | | Total | | Percent Change |
|---|-------------------------|------------------|--------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2021 | 2020 | Restated | | 2021 | 2020 | |
| | | | 2021 | 2020 | | | |
| REVENUES | | | | | | | |
| Program Revenues: | | | | | | | |
| Charges for Services | \$ 5,678 | \$ 5,027 | \$ 44,270 | \$ 41,256 | \$ 49,949 | \$ 46,283 | 7.9 % |
| Operating Grants and Contributions | 15,056 | 7,392 | - | 89 | 15,056 | 7,481 | 101.3 |
| Capital Grants and Contributions | 403 | 1,637 | 3,714 | 3,589 | 4,118 | 5,226 | (21.2) |
| General Revenues: | | | | | | | |
| Property Taxes | 5,302 | 5,034 | 5,701 | 5,694 | 11,003 | 10,728 | 2.6 |
| Business Taxes | 35,735 | 28,509 | 14 | 23 | 35,750 | 28,532 | 25.3 |
| Other Taxes and State Shared Revenues | 21,343 | 18,359 | - | - | 21,343 | 18,359 | 16.3 |
| Investment Earnings | 117 | 1,273 | 252 | 2,507 | 369 | 3,780 | (90.2) |
| Other | 823 | 631 | 173 | 145 | 996 | 776 | 28.4 |
| Total Revenues | 84,458 | 67,864 | 54,125 | 53,303 | 138,583 | 121,167 | |
| EXPENSES | | | | | | | |
| General Government | 15,174 | 16,403 | - | - | 15,174 | 16,403 | (7.5) |
| Public Safety | 33,965 | 32,193 | - | - | 33,965 | 32,193 | 5.5 |
| Highways and Streets | 6,277 | 5,656 | - | - | 6,277 | 5,656 | 11.0 |
| Culture and Recreation | 5,843 | 5,735 | - | - | 5,843 | 5,735 | 1.9 |
| Tourism and Promotion | 2,867 | 2,405 | - | - | 2,867 | 2,405 | 19.2 |
| Transportation | 906 | 643 | - | - | 906 | 643 | 41.0 |
| Interest on Long-term Debt | 19 | 12 | - | - | 19 | 12 | 61.6 |
| Refuse | - | - | 6,871 | 3,097 | 6,871 | 3,097 | 121.9 |
| Irrigation and Drainage | - | - | 12,715 | 13,442 | 12,715 | 13,442 | (5.4) |
| Wastewater | - | - | 25,493 | 26,484 | 25,493 | 26,484 | (3.7) |
| Airport | - | - | 1,614 | 1,927 | 1,614 | 1,927 | (16.2) |
| Total Expenses | 65,053 | 63,046 | 46,695 | 44,950 | 111,748 | 107,997 | |
| CHANGE IN NET POSITIONS BEFORE TRANSFERS | | | | | | | |
| | 19,405 | 4,818 | 7,431 | 8,353 | 26,835 | 13,171 | 103.7 |
| Transfers | 471 | 1,566 | (471) | (1,566) | - | - | |
| CHANGE IN NET POSITIONS | 19,875 | 6,384 | 6,960 | 6,787 | 26,835 | 13,171 | |
| NET POSITIONS - BEGINNING, AS RESTATED | 65,480 | 59,096 | 215,285 | 208,498 | 280,765 | 267,594 | |
| NET POSITIONS - END OF YEAR | \$ 85,355 | \$ 65,480 | \$ 222,245 | \$ 215,285 | \$ 307,600 | \$ 280,765 | |

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Governmental Activities. When compared to the beginning balance, Governmental activities increased the City's net position by \$20.0 million (30.4%) in fiscal year 2021 and increased the City's net position by \$6.4 million (10.8%) in fiscal year 2020.

Total revenue for Governmental activities increased \$16.6 million (24.5%) over the previous fiscal year. Program revenues represent fees and charges on those who directly benefit from these fee-based programs, such as permit and inspection fees, and charges for recreation and aquatic classes and programs. General revenues are used to fund cost of services not covered by program revenues. General revenues consist mostly of tax revenues such as sales taxes (also referred to as transaction privilege taxes), property taxes, and state shared taxes.

The significant changes in revenues are:

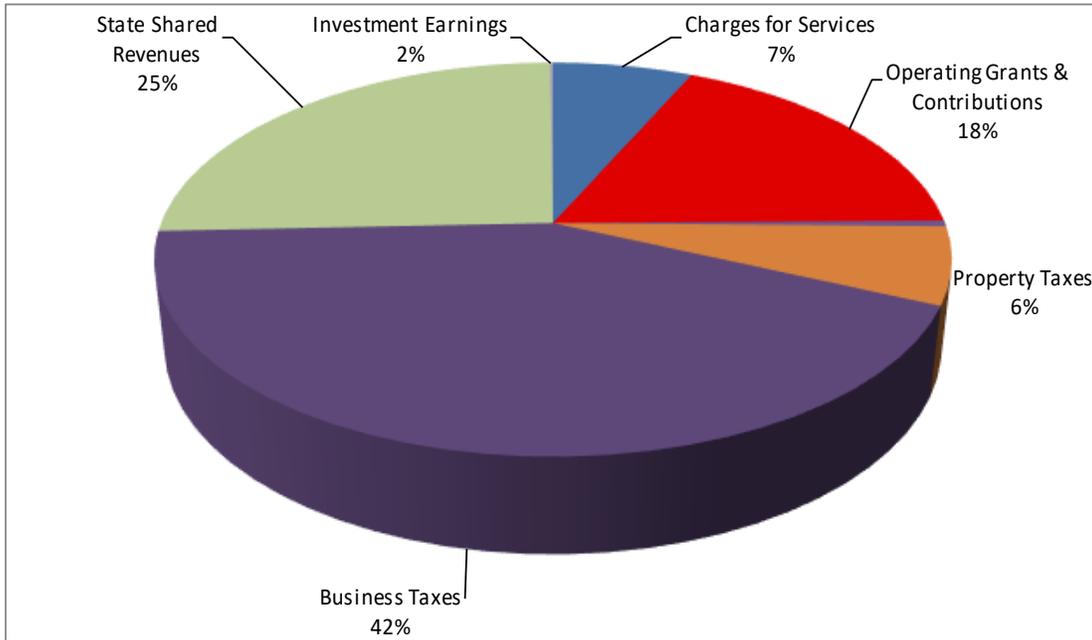
The City experienced improved total revenues from Governmental activities over the prior year primarily due to:

- Business tax revenue, which is the single largest source of general government revenue and includes sales and use taxes. Business tax revenue increased \$7.2 million (25.3%) over the previous fiscal year. Retail sales tax increased by 24.6%, hotel and other lodging increased 60.8%, and restaurant and bar sales tax increased 24.6%. The retail growth is attributed to online marketplace sales. The lodging increase was growth in short-term vacation rentals related to a surge in visitors. The restaurant and bar increase is also attributed to an improving economy and tourism.
- Other taxes and state shared revenues increased by \$3.0 million (16.3%) from the previous fiscal year. The state shared revenues in this category were up \$2.8 million (17.1%). Franchise taxes are included in this category and increased by \$174,423 (9.2%).
- Operating grants and contributions revenue increased \$7.7 million (103.7%). HURF revenues in this category increased \$407,606 (7.3%). Housing grants increased \$75,165 (15.9%), and public safety grants increased \$6.7 million (1018.6%), respectively. The increase in public safety grants was the AZCares revenue.
- Charges for services, including fees and fines, increased by \$650,947 (12.9%) from the previous fiscal year. This increase is primarily due to building and development fees.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

The source of funds for overall governmental activities, without regard to program, is presented below:

**Governmental Activities Revenues
Fiscal Year 2020-21**



Total cost of programs and services for governmental activities increased by \$2.0 million (3.2%) over the previous fiscal year to \$65.1 million. Notable changes in the costs of programs and services are:

- Public Safety, which is comprised of the Police and Fire Departments, is the largest governmental cost (52.2%). In total, Public Safety costs increased \$1.8 million (5.5%) over the previous year. The majority of the increase is in fire wages and benefits and police capital outlay. General Government is the second largest governmental cost (23.3%). General Government includes Maintenance Services, Municipal Court, Operations, Development Services (Building and Planning Divisions), and the City Administrative Department. General Government decreased \$1.2 (7.5%) over the previous year.
- Highways and Streets costs increased \$621,177 (11.0%) over the previous fiscal year.
- Tourism and Promotion is 4.4% of governmental cost. Tourism and Promotion increased \$462,003 (19.2%). This increased cost is supported, and a portion is directly tied to the additional 1% restaurant and bar tax and 3% accommodation sales tax. The taxes are paid to the Lake Havasu Partnership for Economic Development (PED) and the Lake Havasu Convention and Visitors Bureau (CVB) to support economic growth and tourism.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Business-Type Activities. Business-type activities increased the City's net position in fiscal year 2021 by \$7.0 million (3.2%), bringing the total net position to \$222.2 million, and increased the City's net position in fiscal year 2020 by \$6.8 million.

Total revenue for Business-type activities increased by \$822,674 (1.5%). The increase is from charges for services, which increased by \$3.0 million this fiscal year.

- Water fees, fines, and charges for services in the Irrigation and Drainage fund increased by \$1.3 million (12.1%) over the previous fiscal year, which was driven by higher water consumption.
- Wastewater fees, fines, and charges for services increased by \$1.3 million (5.5%). As a general trend, water conservation measures have limited revenue growth in wastewater charges for service. The City uses a winter quarter averaging to calculate sewer charges. Three of the four lowest winter months' sewer consumption is used to establish customer's bills for the year. During fiscal year 2020, water consumption was up, establishing a higher winter quarter average for fiscal year 2021. Residents and businesses have become more aware of the impact of water use during those months on the sewer bill for the rest of the year.
- Refuse charges for services increased by \$363,083 (5.4%). This is due to a 3% rate increase and a 1% increase in customer count.

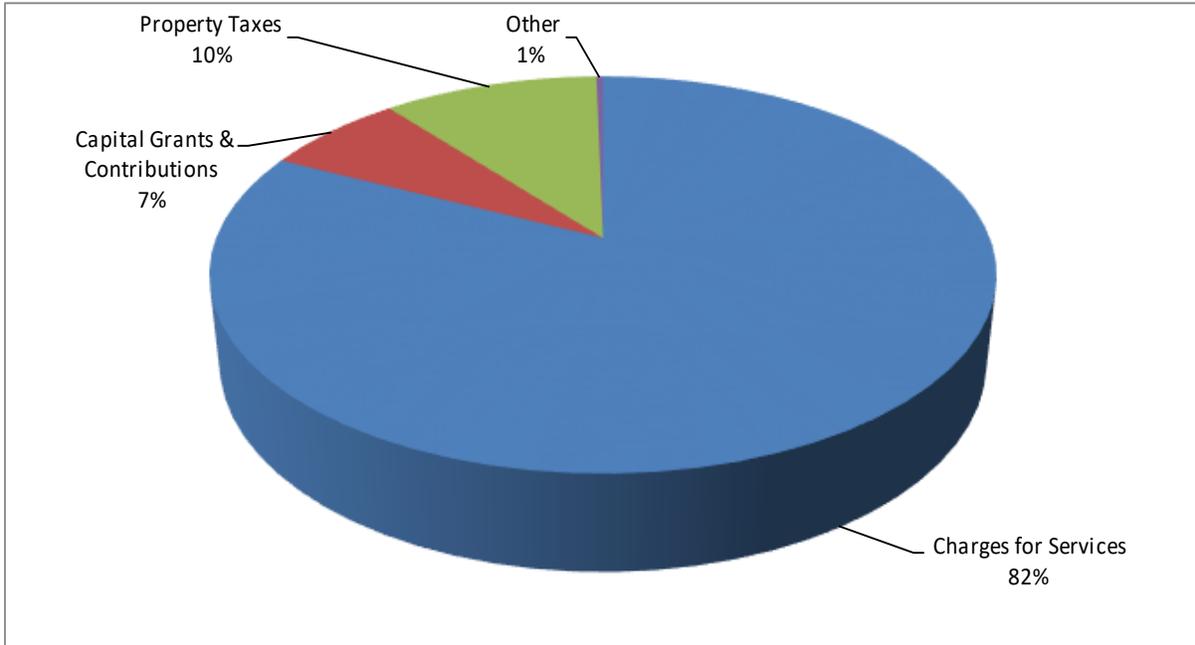
Total costs of programs and services for Business-type activities increased by \$1.7 million (3.9%) over the previous fiscal year. Significant changes in costs of programs and services include:

- Expenses in the Irrigation Drainage Fund decreased \$726,171 (5.4%) this fiscal year. The decrease is the result of a decrease in wages and benefits and due to a loss on capital assets in the prior year.
- Expenses in the Wastewater Fund decreased by \$990,172 (3.7%) this fiscal year. This decrease is the result of decreased expenses for wages and benefits, repair of machinery and equipment, and capital outlay.
- The collection of residential trash is contracted to a third party based on the number of trash accounts billed by the City. Expenses increased in the Refuse Fund by \$3.8 (121.9%) over the prior fiscal year. \$3.6 million of this increase is due to a restatement of prior year for post closure landfill liability. The third-party landfill service provider assumed the post closure liability. The remaining increase in expense is primarily due to a 3% increase in rate which the City pays to the contractor for the collection of trash.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

As shown in the "Business-type Activities Revenues by Source" chart, charges for services provided the largest share of revenues (82%) followed by property taxes (10%).

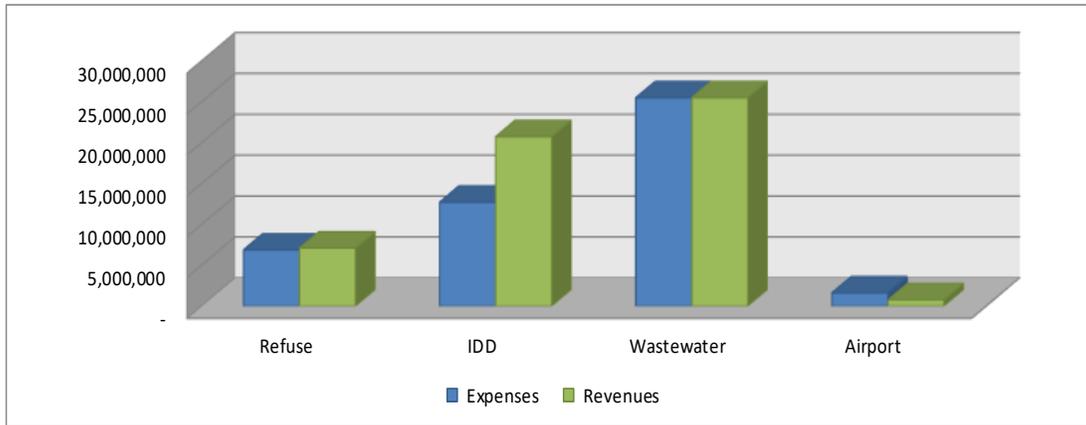
**Business-type Activities Revenues by Source
Fiscal Year 2020-21**



**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

As shown in the “Business-type Activities Program Revenues and Expenses” chart below, the largest of Lake Havasu City’s business-type activities, Wastewater, had program expenses of \$25.5 million in fiscal year 2021, followed by Irrigation and Drainage (IDD) with \$12.7 million.

**Business-type Activities Program Revenues and Expenses
Fiscal Year 2020-21**



The City’s Wastewater Division is responsible for the collection and treatment of all sewage generated in the City that is connected to the sewer system. More than 50 lift stations are positioned in the City to pump the sewage to the three (3) separate treatment plants.

The City’s Water Division, which resides in the Irrigation and Drainage Fund (IDD), provides potable water to the City’s residents; operates and maintains the water treatment plant and all existing wells, pump stations, storage reservoirs, transmissions, and distribution lines; and provides and installs service connections and meters to every residence and business in the City.

Financial Analysis of Lake Havasu City’s Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements and may serve as a useful measure of a government’s net financial resources available for spending at the end of the fiscal year to finance the City’s programs. The types of governmental funds reported by the City include the General Fund, Special Revenue Funds, and Capital Project Funds.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

As of the end of fiscal year 2021, the City's governmental funds reported combined ending fund balances of \$72.9 million, an increase of \$21.7 million (42.3%) in comparison with fiscal year 2020 fund balance of \$51.2 million. The majority of the fund balance, \$57.9 million (79.4%), is unassigned and available for use at the government's discretion. Approximately \$9.1 million (12.4%) is restricted in its use by externally enforceable limitations. Approximately \$5.4 million (7.4%) is assigned for use by management for specifically identified uses. The remaining \$557,194 (0.8%) is nonspendable and is the portion of net resources that cannot be spent because of their form (inventory, prepaid expenses).

The General Fund is the chief operating fund of the City. At the end of fiscal year 2021, the total fund balance of the General Fund reached \$59.4 million, which is a 46.9% increase from the prior year. The nonspendable portion of the fund balance is \$476,244 (0.8%), reflecting inventory and prepaid expenses. The restricted portion of the fund balance is \$115,718 (0.2%). The portion assigned is \$923,434 (1.6%), and the unassigned fund balance is \$57.9 million (97.4%), which is available for use at the City's discretion. At the end of fiscal year 2020, total fund balance reached \$40.4 million. Of that fund balance, \$389,679 (1.0%) was nonspendable, \$211,712 (0.5%) was restricted, \$452,533 (1.1%) was committed, \$2.1 million (5.3%) was assigned, and \$37.2 million (92.1%) was unassigned.

The fund balance of the City's General Fund increased \$18.9 million (46.9%) during fiscal year 2021. Key factors for this increase are:

- Overall, total revenues in fiscal year 2021 reflected an increase of \$17.4 million (29.9%). Revenues went up mainly due to an increase in transaction privilege tax (sales tax) revenue. Sales tax revenue in the General Fund increased by \$7.2 million (25.3%) in fiscal year 2021 compared to fiscal year 2020. The increase in sales tax revenue is a result of growth in online retail marketplace and online short-term vacation rentals.
- Investment earnings decreased \$1.0 million (90.8%), and intergovernmental revenue increased \$9.7 million (58.5%) in fiscal year 2021 compared to fiscal year 2020. State shared revenues increased by \$2.8 million (17.1%) from the previous fiscal year. AZCares funds contributed \$6.7 million in additional revenue.
- All other major revenues only showed slight changes. Property tax, franchise taxes, fines and forfeitures, licenses and permits, and contributions and donations increased, while rents and royalties and charges for services decreased.
- General Fund expenditures reflected a decrease of \$1.7 million (2.9%) in fiscal year 2021. General Government increased \$352,851 (2.6%), Public Safety increased \$3.1 million (11.1%), and Culture and Recreation increased \$140,460 (2.6%). Debt service payments decreased \$6.3 million. The Public Safety increase is primarily due to additional salary and benefit expenses in Fire personnel.

The HURF Fund, which accounts for the City's highway and street activities, had a net increase in fund balance of \$1.7 million (25%) in fiscal year 2021. Total revenues decreased \$736,926 (10.3%), primarily due to a decrease of \$1.0 million in street payback from lot sales in a new subdivision. Total gasoline tax revenues received from the Arizona Department of Revenue increased \$407,606 (7.3%) over 2020. Total cost of programs and services increased by \$828,695 (21.3%). Internal wages and benefits decreased, while street repair contractual services increased.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal years 2021 and 2020, the unrestricted net position for the Irrigation Drainage District Fund was \$51.3 million and \$44.1 million, respectively; the Wastewater Fund was \$25.8 million and \$31.7 million, respectively; the Refuse Fund was \$4.8 million and \$4.6, respectively; the Total Nonmajor was (\$179,474) and (\$69,413), respectively. Factors concerning the finances of these funds have been addressed previously in the discussion of the City's Business-type activities.

General Fund Budgetary Highlights

The City adopts an annual appropriated budget for its General Fund. A Budgetary Comparison Statement has been provided for the General Fund to demonstrate compliance with this budget. General Fund revenues for fiscal year 2021 were \$9.6 million more than projected. The most significant differences between final estimated revenues and actual revenues were as follows (in thousands):

| Revenue Source | Actual Revenues | Estimated Revenues | Difference |
|----------------------------|--------------------|-----------------------|------------|
| Taxes | \$ 43,037 | \$ 27,944 | \$ 15,093 |
| Investments | 101 | 344 | (243) |
| Intergovernmental Revenues | 26,236 | 32,519 | (6,283) |

The increase in taxes was a result of transaction privilege taxes exceeding projection due to the positive local economy and growth in online retail and short-term vacation rentals. The decrease in investments was a result of a decrease in interest rates. The decreased intergovernmental revenues was due to less than anticipated grant funding for covid related recovery.

Cost of programs and services was \$16.4 million less than revised fiscal year 2021 budget, largely due to the following:

- Non-Departmental expenses were \$8.2 million less; additional funds were budgeted for unknown economic recovery funds due to the COVID-19 pandemic.
- Public Works expenses were \$975,794 less than budget due to unfilled positions. The City is experiencing citywide recruiting challenges. Expenses were down due to supply chain issues as a result of the pandemic.
- Public Safety expenses were \$2.2 million less than projected due to unfilled positions. Police is down \$1.2 million due to unfilled positions and recruitment issues. Fire's purchase of a new fire engine and fire engine refurbishment were not completed.
- Culture and Recreation was \$1.2 less than projected due to limited programs due to the COVID-19 pandemic and start-up after pandemic was postponed due to lack of staffing.
- Transit was \$1.8 million less due to additional funds budgeted for unknown economic recovery funds.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its Governmental and Business-type activities as of June 30, 2021 and 2020, totaled \$461.6 million and \$469.8 million, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, other improvements, water rights, machinery and equipment, park facilities, roads, and highways. The change in the City's capital assets (net of accumulated depreciation) between fiscal years 2021 and 2020 was a decrease of 1.1%.

**Capital Assets, Net of Depreciation
June 30, 2021 and 2020
(in thousands of dollars)**

| | Governmental Activities | | Business-Type Activities | | Total | | Percent Change |
|--|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | |
| Land | \$ 28,771 | \$ 28,771 | \$ 3,298 | \$ 3,298 | \$ 32,069 | \$ 32,069 | (0.0)% |
| Improvements to Land | 13,158 | 13,030 | - | - | 13,158 | 13,030 | 1.0 |
| Buildings, Structures and Improvements | 19,919 | 17,934 | 15,750 | 16,492 | 35,670 | 34,428 | 3.6 |
| Furniture, Machinery and Equipment | 7,801 | 6,941 | 4,581 | 4,638 | 12,382 | 11,580 | 6.9 |
| Construction in Progress | 2,861 | 2,905 | 4,423 | 5,379 | 7,283 | 8,284 | (12.1) |
| Infrastructure | 34,820 | 36,644 | 316,946 | 324,405 | 351,767 | 361,048 | (2.6) |
| Water Allocation Rights | - | - | 9,301 | 9,360 | 9,301 | 9,360 | (0.6) |
| Total Capital Assets | \$ 107,330 | \$ 106,226 | \$ 354,300 | \$ 363,572 | \$ 461,630 | \$ 469,798 | |

Major capital asset events completed during the current fiscal year included the following:

- Taxiway Alpha Pavement
- New Municipal Courthouse
- Water Tank and Booster Replacements – Multi-year project to update for the enhancement of service reliability, system redundancy, and lowering of operations and maintenance.
- North Water Well Replacement.

Additional information on the City's capital assets can be found in Note 3 A.3.

Long-term Debt. At the end of fiscal year 2021, the City had total bonded debt outstanding of \$220.1 million, a decrease of \$7.4 million (3.2%). At the end of fiscal year 2020, the bonded debt totaled \$227.5 million. Of the fiscal year 2021 total bonded debt, \$59.1 million is general obligation bonds backed by the full faith and credit of the government; \$98.3 million is revenue bonds pledging wastewater revenues for repayment; and \$52.8 million is in the form of loans from WIFA for loans associated with the water and wastewater systems.

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

State statutes impose debt limitations on the City of 6% and 20% of the outstanding limited property assessed valuation of the City. The City's available debt margin at June 30, 2021, is \$47.2 million in the 6% capacity and \$52.6 million in the 20% capacity. In fiscal year 2020, the 6% capacity limit was \$44.3 million and \$37.7 million in the 20% capacity limit. Additional information on the debt limitations and capacities may be found in the statistical section of this report.

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the City's proportionate share of its unfunded pension liabilities for pension plans in which it participates is also included in its outstanding long-term liabilities. The City's net pension liabilities at the end of fiscal years 2021 and 2020 were \$102.0 million and \$92.4 million, respectively. Additional information on the City's pensions can be found on pages 76-88.

In 2021, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, the City must also include other postemployment benefits in which it provides in its outstanding long-term liabilities. The City's other postemployment benefits at the end of fiscal year 2021 and 2020 were \$13.1 million and \$13.1 million, respectively. Additional information on the City's OPEB can be found on pages 89-92.

Additional information on the City's capital leases and long-term bonds and loans can be found in Note 3.C and D. to the financial statements.

**Outstanding Obligations
June 30, 2021 and 2020
(in thousands of dollars)**

| | Governmental Activities | | Business-Type Activities | | Total | | Percent Change |
|------------------------------------|-------------------------|------------------|--------------------------|-------------------|-------------------|-------------------|----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | |
| General Obligation Bonds | \$ - | \$ - | \$ 59,090 | \$ 61,380 | \$ 59,090 | \$ 61,380 | (3.7) |
| Revenue Bonds | - | - | 98,300 | 98,300 | 98,300 | 98,300 | - |
| Bond Premium | - | - | 9,908 | 11,848 | 9,908 | 11,848 | (16.4) |
| WIFA Loans Payable | - | - | 52,805 | 55,935 | 52,805 | 55,935 | (5.6) |
| Capital Leases | 2,091 | 2,099 | - | - | 2,091 | 2,100 | (0.4) |
| Notes Payable | 925 | | | | | | |
| Compensated Absences | 3,172 | 3,034 | 391 | 387 | 3,563 | 3,420 | 4.2 |
| Other Postemployment Benefits | 9,757 | 9,820 | 3,160 | 3,168 | 12,917 | 12,988 | (0.5) |
| Total Long-term Liabilities | \$ 15,944 | \$ 14,953 | \$ 223,653 | \$ 231,018 | \$ 238,673 | \$ 245,971 | |

**LAKE HAVASU CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Economic Factors and Next Year's Budgets and Rates

As noted in the above discussion and analysis, the financial results for the year ended June 30, 2021, continue to reflect positive trends in the local economy. The 2022 fiscal year projections include an increase in property tax, but a decrease in tax revenue due to these revenues being significantly higher during the COVID-19 pandemic. These combined revenues and ongoing diligent management of City expenses should result in the City again meeting our fund balance goals. Through these budget plans, City management and staff remain committed to providing Lake Havasu City citizens a high quality of service at a reasonable cost.

Highlights of the City's budget for the 2022 fiscal year include the following:

The 2022 combined budgets for operating and capital programs totals \$111.7 million, representing a \$0.4 million or 0.4% decrease over the 2021 combined budget.

The decrease in services and supplies is due to a decrease in potential additional grant revenues for COVID-19 pandemic from \$18.3 million in 2021 to \$13.6 million in 2022.

The primary revenue source, local tax, is budgeted at \$42.9 million, an increase of \$9.2 million (27.3%) over the 2021 budget.

A Utility rates study was performed in 2021, and new rates were in effect July 2021. The budget for utilities revenues increased 18.1 from \$39.2 million to \$46.3 million for the 2022 budget year.

The 2022 capital budget includes new and/or continuing projects totaling \$34.8 million, including projects for Aquatic Center HVAC, Fire Station Rebuild, new Municipal Courthouse, and Airport Improvements.

Overall revenue projections are \$24.4 million more than the prior year's budget. The City has projected that tax revenue may decrease due to receiving higher than projected revenues during the pandemic.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to:

Administrative Services Department
Lake Havasu City
2330 McCulloch Blvd. N.
Lake Havasu City, AZ 86403
Telephone (928) 855-2116
Fax (928) 855-0551
Website: www.lhcaz.gov

BASIC FINANCIAL STATEMENTS



LAKE HAVASU CITY, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2021

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|-----------------------|
| ASSETS | | | |
| Cash and Investments | \$ 71,535,009 | \$ 82,366,977 | \$ 153,901,986 |
| Restricted Cash | 2,715,164 | 15,374,107 | 18,089,271 |
| Receivables, Net | | | |
| Accounts Receivable | 572,931 | 4,625,083 | 5,198,014 |
| Property Taxes Receivable | 26,265 | 130,720 | 156,985 |
| Intergovernmental Receivable | 6,442,823 | 2,661,234 | 9,104,057 |
| Accrued Interest Receivable | 37,034 | 76,926 | 113,960 |
| Inventories | 127,100 | - | 127,100 |
| Prepaid Items | 430,594 | 22,732 | 453,326 |
| Other Assets | - | 767,542 | 767,542 |
| Net Pension OPEB Asset | 377,462 | 24,307 | 401,769 |
| Capital Assets: | | | |
| Non-Depreciable | 31,631,996 | 15,306,063 | 46,938,059 |
| Depreciable | 75,698,203 | 338,993,891 | 414,692,094 |
| Total Assets | <u>189,594,581</u> | <u>460,349,582</u> | <u>649,944,163</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Outflows of Resources - Pension Liability | 19,780,493 | 1,039,179 | 20,819,672 |
| Deferred Outflows of Resources - Pension OPEB Liability | 428,988 | 67,885 | 496,873 |
| Deferred Outflows of Resources - OPEB Liability | 660,972 | 172,927 | 833,899 |
| Total Deferred Outflows of Resources | <u>20,870,453</u> | <u>1,279,991</u> | <u>22,150,444</u> |
| LIABILITIES | | | |
| Accounts Payable | 4,362,944 | 2,252,352 | 6,615,296 |
| Accrued Salaries and Fringes | 1,890,628 | 403,637 | 2,294,265 |
| Accrued Interest Payable | 12,109 | 4,364,956 | 4,377,065 |
| Intergovernmental Payable | 105,621 | 157,124 | 262,745 |
| Developer Agreements | 2,038,405 | - | 2,038,405 |
| Retainage Payable | - | 13,213 | 13,213 |
| Unearned Revenue | 92,932 | 331,911 | 424,843 |
| Performance Bonds Payable | 495,159 | - | 495,159 |
| Liabilities Payable from Restricted Assets | - | 597,136 | 597,136 |
| Noncurrent Liabilities | | | |
| Due Within One Year | 4,900,967 | 6,004,428 | 10,905,395 |
| Due in More Than One Year | 107,389,927 | 223,479,759 | 330,869,686 |
| Total Liabilities | <u>121,288,692</u> | <u>237,604,516</u> | <u>358,893,208</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows of Resources - Pension Liability | 2,060,255 | 212,105 | 2,272,360 |
| Deferred Inflows of Resources - Pension OPEB Liability | 440,429 | 50,337 | 490,766 |
| Deferred Inflows of Resources - OPEB Liability | 1,320,728 | 183,847 | 1,504,575 |
| Deferred Inflows of Resources - Bond Refinancing | - | 1,333,613 | 1,333,613 |
| Total Deferred Inflows of Resources | <u>3,821,412</u> | <u>1,779,902</u> | <u>5,601,314</u> |
| NET POSITIONS | | | |
| Net Investment in Capital Assets | 103,715,303 | 131,836,295 | 235,551,598 |
| Restricted for: | | | |
| Public Safety | 342,572 | - | 342,572 |
| Highways and Streets | 8,377,283 | - | 8,377,283 |
| Debt Service | - | 8,659,884 | 8,659,884 |
| OPEB Benefits | 377,462 | 24,307 | 401,769 |
| Other Purposes | 607,051 | - | 607,051 |
| Unrestricted | (28,064,741) | 81,724,669 | 53,659,928 |
| Total Net Positions | <u>\$ 85,354,930</u> | <u>\$ 222,245,155</u> | <u>\$ 307,600,085</u> |

See accompanying Notes to Financial Statements.

**LAKE HAVASU CITY, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

| Functions/Programs | Expenses | Program Revenues | | |
|--------------------------------|-----------------------|--------------------------------------|------------------------------------|----------------------------------|
| | | Fees, Fines and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General Government | \$ 15,174,305 | \$ 4,885,904 | \$ 757,711 | \$ - |
| Public Safety | 33,965,247 | 252,069 | 7,462,569 | - |
| Highways and Streets | 6,277,283 | - | 5,986,451 | 403,143 |
| Culture and Recreation | 5,843,346 | 532,709 | 14,409 | - |
| Tourism and Promotion | 2,867,170 | - | - | - |
| Transportation Services | 906,453 | 7,598 | 835,125 | - |
| Interest on Long-term Debt | 19,396 | - | - | - |
| Total Governmental Activities | <u>65,053,200</u> | <u>5,678,280</u> | <u>15,056,265</u> | <u>403,143</u> |
| Business-Type Activities: | | | | |
| Refuse | 6,871,359 | 7,089,572 | - | - |
| Irrigation and Drainage | 12,715,389 | 12,356,158 | - | 2,496,193 |
| Wastewater | 25,493,376 | 24,253,123 | - | 1,069,050 |
| Airport | 1,614,475 | 570,892 | - | 149,174 |
| Total Business-Type Activities | <u>46,694,599</u> | <u>44,269,745</u> | <u>-</u> | <u>3,714,417</u> |
| Total Primary Government | <u>\$ 111,747,799</u> | <u>\$ 49,948,025</u> | <u>\$ 15,056,265</u> | <u>\$ 4,117,560</u> |

General Revenues:
Taxes
Sales Taxes
Property Taxes
Franchise Taxes
Unrestricted State Revenue Sharing
Unrestricted State Sales Tax Revenue Sharing
Unrestricted Auto Lieu Tax Revenue Sharing
Investment Earnings
Other
Transfers
Total General Revenues and Transfers
Change in Net Position
Net Positions - Beginning, as Restated
Net Positions - Ending

See accompanying Notes to Financial Statements.

Net (Expense) Revenue and
Changes in Net Position

| Governmental Activities | Business-Type Activities | Total |
|----------------------------|-----------------------------|-----------------------|
| \$ (9,530,690) | \$ - | \$ (9,530,690) |
| (26,250,609) | - | (26,250,609) |
| 112,311 | - | 112,311 |
| (5,296,228) | - | (5,296,228) |
| (2,867,170) | - | (2,867,170) |
| (63,730) | - | (63,730) |
| (19,396) | - | (19,396) |
| <u>(43,915,512)</u> | <u>-</u> | <u>(43,915,512)</u> |
| - | 218,213 | 218,213 |
| - | 2,136,962 | 2,136,962 |
| - | (171,203) | (171,203) |
| - | (894,409) | (894,409) |
| <u>-</u> | <u>1,289,563</u> | <u>1,289,563</u> |
| <u>(43,915,512)</u> | <u>1,289,563</u> | <u>(42,625,949)</u> |
| 35,735,174 | 14,427 | 35,749,601 |
| 5,301,635 | 5,701,311 | 11,002,946 |
| 2,073,506 | - | 2,073,506 |
| 7,983,889 | - | 7,983,889 |
| 6,627,439 | - | 6,627,439 |
| 4,658,251 | - | 4,658,251 |
| 116,967 | 252,465 | 369,432 |
| 823,176 | 172,926 | 996,102 |
| 470,616 | (470,616) | - |
| <u>63,790,653</u> | <u>5,670,513</u> | <u>69,461,166</u> |
| 19,875,141 | 6,960,076 | 26,835,217 |
| 65,479,789 | 215,285,079 | 280,764,868 |
| <u>\$ 85,354,930</u> | <u>\$ 222,245,155</u> | <u>\$ 307,600,085</u> |

**LAKE HAVASU CITY, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

| Assets | <u>General</u> | <u>HURF</u> | <u>Nonmajor Funds</u> | <u>Totals</u> |
|---|----------------------|---------------------|-----------------------|----------------------|
| Cash and Investments | \$ 57,879,414 | \$ 8,112,211 | \$ 5,543,384 | \$ 71,535,009 |
| Restricted Cash | 2,609,134 | - | 106,030 | 2,715,164 |
| Receivables | | | | |
| Accounts Receivable | 562,819 | - | 10,112 | 572,931 |
| Taxes Receivable | 26,190 | - | 75 | 26,265 |
| Intergovernmental Receivable | 5,651,415 | 535,556 | 256,352 | 6,443,323 |
| Interest Receivable | 31,397 | 3,988 | 1,649 | 37,034 |
| Due from Other Funds | 199,825 | - | - | 199,825 |
| Inventories | 127,100 | - | - | 127,100 |
| Prepaid Items | 349,144 | 80,950 | - | 430,094 |
| Total Assets | <u>\$ 67,436,438</u> | <u>\$ 8,732,705</u> | <u>\$ 5,917,602</u> | <u>\$ 82,086,745</u> |
| Liabilities and Fund Balance | | | | |
| Liabilities | | | | |
| Accounts Payable | 3,583,091 | 240,319 | \$ 539,534 | \$ 4,362,944 |
| Accrued Wages and Benefits | 1,762,969 | 109,755 | 17,904 | 1,890,628 |
| Interest Payable | 12,109 | - | - | 12,109 |
| Intergovernmental Payable | 100,273 | 5,348 | - | 105,621 |
| Developer Agreements | 2,038,405 | - | - | 2,038,405 |
| Due to Other Funds | - | - | 199,825 | 199,825 |
| Unearned Revenue | 57,054 | - | 35,878 | 92,932 |
| Performance Bonds Payable | 495,159 | - | - | 495,159 |
| Total Liabilities | <u>8,049,060</u> | <u>355,422</u> | <u>793,141</u> | <u>9,197,623</u> |
| Fund Balances | | | | |
| Nonspendable | 476,244 | 80,950 | - | 557,194 |
| Restricted | 115,718 | 8,296,333 | 652,305 | 9,064,356 |
| Assigned | 923,434 | - | 4,472,156 | 5,395,590 |
| Unassigned | 57,871,982 | - | - | 57,871,982 |
| Total Fund Balance | <u>59,387,378</u> | <u>8,377,283</u> | <u>5,124,461</u> | <u>72,889,122</u> |
| Total Liabilities and Fund Balance | <u>\$ 67,436,438</u> | <u>\$ 8,732,705</u> | <u>\$ 5,917,602</u> | <u>\$ 82,086,745</u> |

See accompanying Notes to Financial Statements.

LAKE HAVASU CITY, ARIZONA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

| | |
|---|-----------------------------|
| Total Fund Balances for Governmental Funds | \$ 72,889,122 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | |
| Governmental Capital Assets | 229,791,885 |
| Less Accumulated Depreciation | (122,461,686) |
| Capital Assets Used in Governmental Activities | <u>107,330,199</u> |
| Net pension OPEB assets are not current financial resources and therefore are not reported in the governmental funds. | |
| | 377,462 |
| Deferred outflows relating to deferred amounts on pensions and OPEB are not financial resources; therefore are not reported in the funds. | |
| Deferred Outflows of Resources Related to Pensions | 19,780,493 |
| Deferred Outflows of Resources Related to Pension OPEB | 428,988 |
| Deferred Outflows of Resources Related to OPEB | 660,972 |
| Deferred inflows relating to pensions and OPEB represent a future acquisition of net position that is not reported in the funds. | |
| Deferred Inflows of Resources Related to Pensions | (2,060,255) |
| Deferred Inflows of Resources Related to Pension OPEB | (440,429) |
| Deferred Inflows of Resources Related to OPEB | (1,320,728) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. | |
| Capital Leases | (2,091,068) |
| Notes Payable | (925,126) |
| Compensated Absences | (3,172,328) |
| Other Postemployment Benefits | (9,755,852) |
| Net Pension OPEB Liability | (111,356) |
| Net Pension Liability | <u>(96,235,164)</u> |
| Total Net Position of Governmental Activities | <u><u>\$ 85,354,930</u></u> |

See accompanying Notes to Financial Statements.

LAKE HAVASU CITY, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

| | <u>General</u> | <u>HURF</u> | <u>Nonmajor Funds</u> | <u>Totals</u> |
|---|----------------------|---------------------|-----------------------|----------------------|
| Revenue | | | | |
| Taxes | | | | |
| Sales Taxes | \$ 35,735,174 | \$ - | \$ - | \$ 35,735,174 |
| Property Taxes | 5,228,217 | - | 73,418 | 5,301,635 |
| Franchise Taxes | 2,073,506 | - | - | 2,073,506 |
| Intergovernmental Revenue | 26,235,964 | 5,986,451 | 1,929,480 | 34,151,895 |
| Fines and Forfeitures | 1,477,270 | - | 72,327 | 1,549,597 |
| Licenses and Permits | 3,225,243 | - | - | 3,225,243 |
| Charges for Services | 797,245 | - | - | 797,245 |
| Rents and Royalties | 106,195 | - | - | 106,195 |
| Contributions and Donations | 173,949 | - | - | 173,949 |
| Impact Fees | - | 403,143 | - | 403,143 |
| Investment Earnings | 101,325 | 11,708 | 3,934 | 116,967 |
| Other | 441,454 | 1,365 | 388,908 | 831,727 |
| Total Revenue | <u>75,595,542</u> | <u>6,402,667</u> | <u>2,468,067</u> | <u>84,466,276</u> |
| Expenditures | | | | |
| Current | | | | |
| General Government | 14,124,078 | - | 754,454 | 14,878,532 |
| Public Safety | 31,065,028 | - | 986,846 | 32,051,874 |
| Highways and Streets | - | 4,728,260 | - | 4,728,260 |
| Culture and Recreation | 5,570,806 | - | - | 5,570,806 |
| Tourism and Promotion | 2,867,170 | - | - | 2,867,170 |
| Transportation Services | 802,445 | - | 289,356 | 1,091,801 |
| Debt Service | | | | |
| Principal Retirement | 74,874 | - | - | 74,874 |
| Interest on Long-Term Debt | 19,396 | - | - | 19,396 |
| Capital Outlay | - | - | 3,855,123 | 3,855,123 |
| Total Expenditures | <u>54,523,797</u> | <u>4,728,260</u> | <u>5,885,779</u> | <u>65,137,836</u> |
| Excess (Deficiency) of Revenue Over Expenditures | 21,071,745 | 1,674,407 | (3,417,712) | 19,328,440 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 508,744 | - | 3,485,813 | 3,994,557 |
| Transfers Out | (3,515,197) | - | (8,744) | (3,523,941) |
| Issuance of Long-Term Debt | 881,502 | - | 1,000,000 | 1,881,502 |
| Total Other Financing Sources (Uses) | <u>(2,124,951)</u> | <u>-</u> | <u>4,477,069</u> | <u>2,352,118</u> |
| Net Change in Fund Balance | 18,946,794 | 1,674,407 | 1,059,357 | 21,680,558 |
| Fund Balance | | | | |
| Beginning of Year | 40,440,584 | 6,702,876 | 4,065,104 | 51,208,564 |
| End of Year | <u>\$ 59,387,378</u> | <u>\$ 8,377,283</u> | <u>\$ 5,124,461</u> | <u>\$ 72,889,122</u> |

See accompanying Notes to Financial Statements.

**LAKE HAVASU CITY, ARIZONA
RECONCILIATION TO THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ 21,680,558

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | |
|---|-------------|
| Expenditures for Capital Assets | 5,695,788 |
| Less Current Year Depreciation | (4,623,626) |
| Excess Capital Expenditures Over Depreciation | 1,072,162 |

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, and donations) to decrease net position. 32,282

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position.

| | |
|--------------------------------------|-------------|
| Principal Payments on Long-term Debt | 964,741 |
| Proceeds from Debt | (1,881,502) |

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

| | |
|--------------------------------------|--------------|
| Net Increase in Compensated Absences | (138,766) |
| OPEB Expense | 173,899 |
| OPEB Pension Expense | (25,721) |
| Pension Expense | (10,155,185) |

Current-year pension contributions are reclassified to deferred outflows of resources on the statement of activities, and are therefore not a reduction of net position.

| | |
|---|-----------|
| Current Year Pension Contributions | 8,049,841 |
| Current Year OPEB Pension Contributions | 102,832 |

Changes in Net Position of Governmental Activities \$ 19,875,141

**LAKE HAVASU CITY, ARIZONA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual Amount Budgetary Basis | Variance with Final Budget |
|--|----------------------|----------------------|----------------------------------|-------------------------------|
| | Original | Final | | |
| Revenue | | | | |
| Taxes | \$ 27,944,353 | \$ 27,944,353 | \$ 43,036,897 | \$ 15,092,544 |
| Intergovernmental Revenue | 32,518,570 | 32,518,570 | 26,235,964 | (6,282,606) |
| Fines and Forfeitures | 1,194,500 | 1,194,500 | 1,477,270 | 282,770 |
| Licenses and Permits | 2,482,000 | 2,482,000 | 3,225,243 | 743,243 |
| Charges for Services | 1,184,900 | 1,184,900 | 797,245 | (387,655) |
| Rents and Royalties | 107,000 | 107,000 | 106,195 | (805) |
| Contributions and Donations | 60,000 | 60,000 | 173,949 | 113,949 |
| Investment Earnings | 343,959 | 343,959 | 101,325 | (242,634) |
| Other | 161,000 | 161,000 | 441,454 | 280,454 |
| Total Revenue | <u>65,996,282</u> | <u>65,996,282</u> | <u>75,595,542</u> | <u>9,599,260</u> |
| Expenditures | | | | |
| Current | | | | |
| General Government | | | | |
| City Council | 221,360 | 221,360 | 203,998 | 17,362 |
| City Clerk | 358,148 | 363,206 | 276,994 | 86,212 |
| Magistrate Court | 1,749,761 | 1,757,411 | 1,617,282 | 140,129 |
| City Manager | 410,450 | 407,653 | 345,740 | 61,913 |
| Human Resources | 489,112 | 540,692 | 471,618 | 69,074 |
| Community Affairs | 113,022 | 113,022 | 113,596 | (574) |
| Administrative Services | 3,899,910 | 4,681,602 | 3,941,887 | 739,715 |
| City Attorney | 979,561 | 979,561 | 828,592 | 150,969 |
| Non-Departmental | 18,932,989 | 11,162,078 | 2,924,987 | 8,237,091 |
| Government - Outside Contracts | - | 250,000 | 250,150 | (150) |
| Public Works | 2,089,605 | 2,089,605 | 1,113,811 | 975,794 |
| Vehicle Maintenance | 639,651 | 639,651 | 552,009 | 87,642 |
| Development Services | 1,628,595 | 1,662,790 | 1,483,414 | 179,376 |
| Total General Government | <u>31,512,164</u> | <u>24,868,631</u> | <u>14,124,078</u> | <u>10,744,553</u> |
| Public Safety | | | | |
| Police | 17,404,116 | 18,203,960 | 17,009,174 | 1,194,786 |
| Fire | 14,389,276 | 15,049,842 | 14,055,854 | 993,988 |
| Total Public Safety | <u>31,793,392</u> | <u>33,253,802</u> | <u>31,065,028</u> | <u>2,188,774</u> |
| Culture and Recreation | | | | |
| Recreation Department | 6,731,955 | 6,818,178 | 5,570,806 | 1,247,372 |
| Tourism and Promotion | | | | |
| Tourism/Economic Development | 1,980,000 | 3,296,240 | 2,867,170 | 429,070 |
| Transportation Services | | | | |
| Havasu Mobility | 2,623,884 | 2,623,884 | 802,445 | 1,821,439 |
| Debt Service | | | | |
| Principal Retirement | - | 75,000 | 74,874 | 126 |
| Interest on Long-Term Debt | - | 20,500 | 19,396 | 1,104 |
| Total Debt Service | <u>-</u> | <u>95,500</u> | <u>94,270</u> | <u>1,230</u> |
| Total Expenditures | <u>74,641,395</u> | <u>70,956,235</u> | <u>54,523,797</u> | <u>16,432,438</u> |
| Excess (Deficiency) of Revenue Over Expenditures | (8,645,113) | (4,959,953) | 21,071,745 | 26,031,698 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 500,000 | 533,750 | 508,744 | (25,006) |
| Transfers Out | (775,298) | (4,335,432) | (3,515,197) | 820,235 |
| Issuance of Long-Term Debt | - | - | 881,502 | 881,502 |
| Total Other Financing Sources (Uses) | <u>(275,298)</u> | <u>(3,801,682)</u> | <u>(2,124,951)</u> | <u>1,676,731</u> |
| Net Change in Fund Balance | (8,920,411) | (8,761,635) | 18,946,794 | 27,708,429 |
| Fund Balance | | | | |
| Beginning of Year | 24,870,436 | 24,870,436 | 40,440,584 | 15,570,148 |
| End of Year | <u>\$ 15,950,025</u> | <u>\$ 16,108,801</u> | <u>\$ 59,387,378</u> | <u>\$ 43,278,577</u> |

See accompanying Notes to Financial Statements.

**LAKE HAVASU CITY, ARIZONA
HURF FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual Amount Budgetary Basis | Variance with Final Budget |
|---|-------------------|-------------------|-------------------------------------|----------------------------------|
| | Original | Final Budget | | |
| Revenues | | | | |
| Intergovernmental Revenue | \$ 4,455,200 | \$ 4,455,200 | \$ 5,986,451 | \$ 1,531,251 |
| Impact Fees | - | - | 403,143 | 403,143 |
| Investment Earnings | 42,759 | 42,759 | 11,708 | (31,051) |
| Other | 750 | 750 | 1,365 | 615 |
| Total Revenue | <u>4,498,709</u> | <u>4,498,709</u> | <u>6,402,667</u> | <u>1,903,958</u> |
| Expenditures | | | | |
| Current | | | | |
| Highways and Streets | <u>7,602,521</u> | <u>7,727,547</u> | <u>4,728,260</u> | <u>2,999,287</u> |
| Total Expenditures | <u>7,602,521</u> | <u>7,727,547</u> | <u>4,728,260</u> | <u>2,999,287</u> |
| Excess (Deficiency) of Revenue Over Expenditures | (3,103,812) | (3,228,838) | 1,674,407 | 4,903,245 |
| Fund Balance | | | | |
| Beginning of Year | <u>3,743,056</u> | <u>3,743,056</u> | <u>6,702,876</u> | <u>2,959,820</u> |
| End of Year | <u>\$ 639,244</u> | <u>\$ 514,218</u> | <u>\$ 8,377,283</u> | <u>\$ 7,863,065</u> |

See accompanying Notes to Financial Statements.

LAKE HAVASU CITY, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

| | Business-Type Activities | | | Total Nonmajor Business-Type Activities |
|---|----------------------------|----------------------|---------------------|---|
| | Irrigation and Drainage | Wastewater | Refuse | |
| Assets | | | | |
| Current Assets | | | | |
| Cash and Cash Equivalents | \$ 52,833,304 | \$ 24,786,197 | \$ 4,654,664 | \$ 92,812 |
| Restricted Cash | 615,405 | 14,730,918 | - | 27,784 |
| Receivables, Net | | | | |
| Accounts Receivable | 1,244,750 | 2,678,658 | 692,762 | 8,913 |
| Taxes Receivable | 130,720 | - | - | - |
| Intergovernmental Receivable | 2,621,059 | - | - | 40,175 |
| Interest Receivable | 45,251 | 27,154 | 4,290 | 231 |
| Prepaid Items | 22,568 | 164 | - | - |
| Other Assets | - | 767,542 | - | - |
| Total Current Assets | <u>57,513,057</u> | <u>42,990,633</u> | <u>5,351,716</u> | <u>169,915</u> |
| Noncurrent Assets | | | | |
| Net Pension OPEB Asset | 12,665 | 10,268 | - | 1,374 |
| Capital Assets | | | | |
| Non-Depreciable | 12,212,490 | 1,961,064 | - | 1,132,509 |
| Depreciable (Net) | 71,561,290 | 255,451,664 | - | 11,980,937 |
| Total Noncurrent Assets | <u>83,786,445</u> | <u>257,422,996</u> | <u>-</u> | <u>13,114,820</u> |
| Total Assets | <u>141,299,502</u> | <u>300,413,629</u> | <u>5,351,716</u> | <u>13,284,735</u> |
| Deferred Outflows of Resources | 673,702 | 539,676 | - | 66,613 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Accounts Payable | 1,166,848 | 513,347 | 551,522 | 20,635 |
| Accrued Wages and Benefits | 185,374 | 194,298 | - | 23,965 |
| Intergovernmental Payable | 152,715 | 4,409 | - | - |
| Interest Payable | 68,368 | 4,296,588 | - | - |
| Retainage Payable | - | 13,213 | - | - |
| Unearned Revenue | 315,207 | 110 | 187 | 16,407 |
| Liabilities Payable from Restricted Assets | 569,352 | - | - | 27,784 |
| Compensated Absences | 155,487 | 132,709 | - | 19,081 |
| Other Postemployment Benefits | 54,945 | 28,634 | - | - |
| Bonds and Notes Payable | 486,575 | 5,126,997 | - | - |
| Total Current Liabilities | <u>3,154,871</u> | <u>10,310,305</u> | <u>551,709</u> | <u>107,872</u> |
| Noncurrent Liabilities | | | | |
| Compensated Absences | 42,318 | 36,119 | - | 5,193 |
| Other Postemployment Benefits | 1,736,090 | 1,340,445 | - | - |
| Net Pension OPEB Liability | 13,518 | 10,738 | - | 1,347 |
| Net Pension Liability | 3,070,442 | 2,435,941 | - | 298,443 |
| Bonds and Notes Payable | 3,816,519 | 210,672,646 | - | - |
| Total Noncurrent Liabilities | <u>8,678,887</u> | <u>214,495,889</u> | <u>-</u> | <u>304,983</u> |
| Total Liabilities | <u>11,833,758</u> | <u>224,806,194</u> | <u>551,709</u> | <u>412,855</u> |
| Deferred Inflows of Resources | 261,768 | 1,509,185 | - | 8,949 |
| Net Position | | | | |
| Net Investment in Capital Assets | 78,559,374 | 40,169,277 | - | 13,107,644 |
| Restricted for OPEB Benefits | 12,665 | 10,268 | - | 1,374 |
| Restricted for Debt Service | 46,053 | 8,613,831 | - | - |
| Unrestricted | 51,259,586 | 25,844,550 | 4,800,007 | (179,474) |
| Total Net Position | <u>\$ 129,877,678</u> | <u>\$ 74,637,926</u> | <u>\$ 4,800,007</u> | <u>\$ 12,929,544</u> |

See accompanying Notes to Financial Statements.

Total
Business-Type
Activities

\$ 82,366,977
15,374,107

4,625,083
130,720
2,661,234
76,926
22,732
767,542
106,025,321

24,307

15,306,063
338,993,891
354,324,261
460,349,582
1,279,991

2,252,352
403,637
157,124
4,364,956
13,213
331,911

597,136
307,277
83,579
5,613,572
14,124,757

83,630
3,076,535
25,603
5,804,826
214,489,165
223,479,759
237,604,516
1,779,902

131,836,295
24,307
8,659,884
81,724,669
\$ 222,245,155

LAKE HAVASU CITY, ARIZONA
STATEMENT REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

| | Business-Type Activities | | | Total Nonmajor Business-Type Activities |
|---|----------------------------|----------------------|---------------------|---|
| | Irrigation and Drainage | Wastewater | Refuse | |
| Operating Revenue | | | | |
| Charges for Services | \$ 12,356,158 | \$ 24,253,123 | \$ 7,089,572 | \$ 570,892 |
| Total Operating Revenue | 12,356,158 | 24,253,123 | 7,089,572 | 570,892 |
| Operating Expenses | | | | |
| Cost of Sales and Services | 9,776,797 | 8,288,913 | 6,871,359 | 663,101 |
| Depreciation | 2,800,530 | 10,607,578 | - | 951,374 |
| Total Operating Expenses | 12,577,327 | 18,896,491 | 6,871,359 | 1,614,475 |
| Operating Income (Loss) | (221,169) | 5,356,632 | 218,213 | (1,043,583) |
| Nonoperating Revenue (Expense) | | | | |
| Taxes | 5,701,311 | - | - | 14,427 |
| Investment Earnings | 124,031 | 116,907 | 10,934 | 593 |
| Interest Expense | (138,062) | (6,557,949) | - | - |
| Issuance Costs | - | (38,936) | - | - |
| Other Income | 49,920 | 67,603 | - | 55,403 |
| Total Nonoperating Revenue (Expenses) | 5,737,200 | (6,412,375) | 10,934 | 70,423 |
| Income (Loss) Before Capital Contributions and Transfers | 5,516,031 | (1,055,743) | 229,147 | (973,160) |
| Capital Contributions | 2,496,193 | 1,069,050 | - | 149,174 |
| Transfers In | - | - | - | 29,384 |
| Transfers Out | (500,000) | - | - | - |
| Change in Net Position | 7,512,224 | 13,307 | 229,147 | (794,602) |
| Net Position | | | | |
| Beginning of Year, as Restated | 122,365,454 | 74,624,619 | 4,570,860 | 13,724,146 |
| End of Year | <u>\$ 129,877,678</u> | <u>\$ 74,637,926</u> | <u>\$ 4,800,007</u> | <u>\$ 12,929,544</u> |

See accompanying Notes to Financial Statements.

| | |
|--------------------------------------|---------------------------|
| Total Business-Type Activities | |
| \$ | <u>44,269,745</u> |
| | 44,269,745 |
| | 25,600,170 |
| | <u>14,359,482</u> |
| | <u>39,959,652</u> |
| | 4,310,093 |
| | 5,715,738 |
| | 252,465 |
| | (6,696,011) |
| | (38,936) |
| | <u>172,926</u> |
| | <u>(593,818)</u> |
| | 3,716,275 |
| | 3,714,417 |
| | 29,384 |
| | <u>(500,000)</u> |
| | 6,960,076 |
| | <u>215,285,079</u> |
| \$ | <u><u>222,245,155</u></u> |

**LAKE HAVASU CITY, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021**

| | Business-Type Activities – Enterprise Funds | | | Total Nonmajor Business-Type Activities |
|--|---|----------------------|---------------------|---|
| | Irrigation and Drainage | Wastewater | Refuse | |
| Cash Flows from Operating Activities | | | | |
| Receipts from Customers | \$ 12,197,101 | \$ 23,785,145 | \$ 7,001,258 | \$ 576,084 |
| Payments to Suppliers | (7,962,113) | (6,477,793) | (6,843,721) | (364,447) |
| Payments to Employees | (2,850,319) | (2,305,541) | - | (324,936) |
| Other Nonoperating Receipts | 49,920 | 67,603 | - | 55,403 |
| Customer Deposits (Payments) | 30,779 | - | - | 1,828 |
| Net Cash Flows from (Used by) Operating Activities | 1,465,368 | 15,069,414 | 157,537 | (56,068) |
| Cash Flows from Noncapital Financing Activities | | | | |
| Transfers In | - | - | - | 29,384 |
| Transfers Out | (500,000) | - | - | - |
| Tax Receipts | 5,692,405 | - | - | 14,427 |
| Net Cash Flows from (Used by) Noncapital Financing Activities | 5,192,405 | - | - | 43,811 |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Capital Grants and Contributions | 74,000 | 1,069,050 | - | 320,253 |
| Purchases of Capital Assets | (2,650,214) | (2,264,156) | - | (265,921) |
| Principal Paid on Capital Debt | (471,547) | (4,948,800) | - | - |
| Interest Paid on Capital Debt | (146,570) | (8,681,775) | - | - |
| Net Cash Flows from (Used by) Capital and Related Financing Activities | (3,194,331) | (14,825,681) | - | 54,332 |
| Cash Flows from Investing Activities | | | | |
| Interest and Dividends | 160,948 | 140,420 | 14,376 | 780 |
| Net Change in Cash and Cash Equivalents | 3,624,390 | 384,153 | 171,913 | 42,855 |
| Cash and Cash Equivalents - Beginning of Year | 49,824,319 | 39,132,962 | 4,482,751 | 77,741 |
| Cash and Cash Equivalents - End of Year | <u>\$ 53,448,709</u> | <u>\$ 39,517,115</u> | <u>\$ 4,654,664</u> | <u>\$ 120,596</u> |
| Reconciliation to Statement of Net Position: | | | | |
| Cash and Investments | \$ 52,833,304 | \$ 24,786,197 | \$ 4,654,664 | \$ 92,812 |
| Restricted Cash and Investments | 615,405 | 14,730,918 | - | 27,784 |
| Total Cash and Cash Equivalents | <u>\$ 53,448,709</u> | <u>\$ 39,517,115</u> | <u>\$ 4,654,664</u> | <u>\$ 120,596</u> |

See accompanying Notes to Financial Statements.

Total
Business-Type
Activities -
Enterprise Funds

\$ 43,559,588
(21,648,074)
(5,480,796)
172,926
32,607

16,636,251

29,384
(500,000)
5,706,832

5,236,216

1,463,303
(5,180,291)
(5,420,347)
(8,828,345)

(17,965,680)

316,524

4,223,311

93,517,773

\$ 97,741,084

\$ 82,366,977
15,374,107
\$ 97,741,084

LAKE HAVASU CITY, ARIZONA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

| | Business-Type Activities – Enterprise Funds | | | Total Nonmajor Business-Type Activities |
|--|---|----------------------|-------------------|---|
| | Irrigation and Drainage | Wastewater | Refuse | |
| Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities | | | | |
| Operating Income (Loss) | \$ (221,169) | \$ 5,356,632 | \$ 218,213 | \$ (1,043,583) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash from (Used by) Operating Activities | | | | |
| Depreciation | 2,800,530 | 10,607,578 | - | 951,374 |
| Other Nonoperating Receipts (Expenses) | 49,920 | 67,603 | - | 55,403 |
| Change in Assets/Liabilities: | | | | |
| Receivables, Net | (150,347) | (467,963) | (88,501) | 186 |
| Prepaid Items | (3,472) | 2,590 | - | - |
| OPEB Asset | (7,334) | (6,077) | - | (912) |
| Accounts Payable | (903,142) | (539,918) | 27,638 | (29,006) |
| Intergovernmental Payable | (89,171) | 2,583 | - | - |
| Accrued Wages and Benefits | 47,618 | 94,989 | - | 10,047 |
| Compensated Absences | (5,302) | 8,566 | - | 1,018 |
| Unearned Revenue | (8,710) | (15) | 187 | 5,006 |
| Customer Deposits Payable | 30,779 | - | - | 1,828 |
| Pension and OPEB Liability | 348,431 | 290,494 | - | 44,013 |
| Deferred Outflows of Resources - Pension and OPEB | (278,638) | (227,502) | - | (33,339) |
| Deferred Inflows of Resources - Pension and OPEB | (144,625) | (120,146) | - | (18,103) |
| Net Cash from (Used by) Operating Activities | <u>1,465,368</u> | <u>\$ 15,069,414</u> | <u>\$ 157,537</u> | <u>\$ (56,068)</u> |

Noncash Investing, Capital and Financing Activities

Other costs of \$38,936, deferred amount on refunding of \$95,258 and premiums of \$1,939,971 were amortized in the Wastewater Fund during the year.

Capital assets purchases of \$911,312, \$96,982, and \$5,802 were included in accounts payable at year-end in the Irrigation and Drainage Fund, Wastewater Fund, and Airport Fund, respectively.

See accompanying Notes to Financial Statements.

Total
Business-Type
Activities -
Enterprise Funds

\$ 4,310,093

14,359,482

172,926

(706,625)

(882)

(14,323)

(1,444,428)

(86,588)

152,654

4,282

(3,532)

32,607

682,938

(539,479)

(282,874)

\$ 16,636,251



NOTES TO BASIC FINANCIAL STATEMENTS



LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lake Havasu City, Arizona (City) was incorporated in 1978. The City operates under a council-manager form of government and provides services as authorized by Title 9, Arizona Revised Statutes including: public safety (police and fire), highway and streets, culture and recreation, planning and zoning, and general administrative services.

The accompanying financial statements of Lake Havasu City, Arizona have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

A summary of the City's more significant accounting policies follows.

A. Reporting Entity

The City is a municipal government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the city's operations.

The City has blended the following entities into its Annual Comprehensive Financial Report:

1. Irrigation and Drainage District (District)

The City has a legally mandated status as Trustee over the Irrigation and Drainage District as a result of the City's alternative method of incorporation in 1978 under a special Arizona law. The District was established in 1963 to build infrastructure and construct a water system. The members of the City Council are the District's board members and have the ability to significantly influence operations.

2. Improvement Districts No. 2 and 4

The City has two improvement districts that were created to fund maintenance and improvements for specific property owners. Financing is provided through the assessment of property taxes. The members of the City Council are the Improvement Districts' board members and have the ability to significantly influence operations.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

3. Metropolitan Planning Organization

The City has an intergovernmental agreement with the organization to provide support services to account for federal grants providing leadership and guidance for regional transportation planning. Members of the City Council are appointed to the board and hold three of the five board seats and have the ability to significantly influence operations.

Separate financial statements for the Irrigation and Drainage District, Improvement Districts No. 2 and 4, and Metropolitan Planning Organization are not prepared.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. Governmental activities, which are normally supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of long-term interest due early in the following year, the expenditures have been recognized in the current year in the Debt Service Fund.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *HURF Fund* accounts for the operations of the street maintenance department. Financing is provided by the City's share of gasoline taxes.

The government reports the following major proprietary funds:

The *Irrigation and Drainage District Fund* accounts for the activities of the Irrigation and Drainage District, a blended component unit of the City. The District operates the City's water system and storm drainage system.

The *Wastewater Fund* accounts for the activities of the City's sewer system.

The *Refuse Fund* accounts for the activities of the City's waste management system.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use for governmental activities, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. For business-type activities, the use of restricted resources is governed by the applicable bond covenants.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

1. Deposits and Investments

On the City's Statement of Cash Flows, cash and cash equivalents are considered to be cash on hand, demand deposits, investments held by the State Treasurer and government securities held in a third-party safekeeping custody account.

Cash and investments are pooled except for funds required to be held by fiscal agents or restricted under provisions of bond indentures. Interest earned from investments purchased with such pooled monies is allocated to each of the funds based on the average daily cash balances.

Arizona Revised Statute, Title 35, allows public monies to be invested with maturities of five years for nonoperating funds and a duration of no longer than three years for operating funds. The City's investment policy is empowered by state statute to invest in demand deposits, obligations of U.S. government, its instrumentalities, A-1/P-1 rated commercial paper, bankers' acceptances, repurchase agreements, money market funds, and the State of Arizona's Local Government Investment Pool. The primary objectives in priority order of the City's investment activities shall be safety, liquidity, and yield. Investments in LGIP are stated at fair value which also approximates the value of the investments upon withdrawal.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

2. Receivables

All trade and property taxes receivable are shown net of an allowance for uncollectible.

Mohave County levies real property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. However, a lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

3. Short-Term Interfund Receivables/Payables

During the course of operations, individual funds within the City's pooled cash accounts may borrow money from the other funds within the pool on a short-term basis. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements.

4. Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption. Inventories are valued at cost using the weighted average method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

5. Restricted Assets

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Customer deposits are also restricted.

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

6. Capital Assets

Capital assets, which include land, improvements to land, buildings and building improvements, furniture, machinery, equipment, vehicles, intangibles (e.g., water rights, software) and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of one year.

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

| | Years |
|------------------------------------|-------|
| Buildings and Improvements | 40 |
| Water Allocation Rights | 40 |
| Improvements Other Than Buildings | 10-20 |
| Infrastructure | 40-50 |
| Furniture, Machinery and Equipment | 3-10 |
| Vehicles | 3-10 |

7. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund financial statements consists of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

All benefit eligible employees accrue Paid Time Off (PTO) to be used for vacation and personal leave. The maximum PTO leave carry forward for all regular and probationary employees is 478 hours or 672 hours for Fire employees working 24-hour shifts. Hours accrued in excess of the maximum will be forfeited if not used by January 1 of each calendar year. The value of the forfeited hours, to a maximum of 48 hours annually for regular employees and 72 hours annually for Fire shift employees, will be automatically contributed to a retiree health savings account annually in January.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

11. Net Position

In the government-wide and proprietary fund financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets is separately reported because capital assets make up a significant portion of total net position. Restricted net position accounts for the portion of net position restricted by parties outside the City. Unrestricted net position is the remaining net position not included in the previous two categories.

12. Fund Balance

In the fund financial statements, fund balance is reported in classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are Nonspendable, Restricted, Committed, Assigned, and Unassigned. Nonspendable and Restricted fund balance represent restricted classifications and Committed, Assigned, and Unassigned represent unrestricted classifications.

Nonspendable fund balance includes amounts that cannot be spent because either 1) it is not in a spendable form, such as inventory or prepaid items or 2) it is legally or contractually required to be maintained intact. Restricted fund balance includes amounts that have externally (outside the City) enforceable limitations imposed by creditors, grantors, contributors, laws and regulations of other governments, or laws through constitutional provisions or enabling legislation. Committed fund balance is from self-imposed limitations imposed at the highest level of decision-making authority, namely, Mayor and Council. Mayor and Council approval is required to commit resources or to rescind the commitment through formal action by City Council. Assigned fund balance represents limitations imposed by City Council, City Manager, or designee, through approval for contract execution.

Unassigned fund balance represents the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed and assigned are considered spent before unassigned amounts.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

12. Fund Balance (Continued)

The City approved a Fiscal Sustainability Policy in August 2007 which requires the City to maintain a General Fund reserve of 10% based on the average actual General Fund revenues for the preceding five fiscal years. The City will maintain a fund balance reserve of 5% of the average actual revenues for the preceding five fiscal years in the IDD Fund, Wastewater Fund, and HURF Fund. These funds will not be appropriated except to cover emergencies and unexpected declines in revenue in the following budget year and must be replenished within three fiscal years following the fiscal year in which the event occurred.

As of June 30, 2021, the governmental fund balance details by classification are listed below:

| | General Fund | HURF | Non-Major Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|------------------------------------|--------------------------------|
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Inventory | \$ 127,100 | \$ - | \$ - | \$ 127,100 |
| Prepaid Expenditures | 349,144 | 80,950 | - | 430,094 |
| Total Nonspendable | <u>476,244</u> | <u>80,950</u> | <u>-</u> | <u>557,194</u> |
| Restricted: | | | | |
| Highway User Tax for Transportation | - | 8,296,333 | - | 8,296,333 |
| Public Safety Special Programs | 115,718 | - | 106,454 | 222,172 |
| Court Enhancement | - | - | 518,289 | 518,289 |
| Improvement Districts | - | - | 27,562 | 27,562 |
| Total Restricted | <u>115,718</u> | <u>8,296,333</u> | <u>652,305</u> | <u>9,064,356</u> |
| Assigned: | | | | |
| Capital Lease | 755,805 | - | - | 755,805 |
| Operating Lease | 105,579 | - | - | 105,579 |
| Public Safety Special Programs | - | - | 274,228 | 274,228 |
| Capital Projects | 62,050 | - | 4,197,928 | 4,259,978 |
| Total Assigned | <u>923,434</u> | <u>-</u> | <u>4,472,156</u> | <u>5,395,590</u> |
| Unassigned: | | | | |
| Total Fund Balances | <u>\$ 59,387,378</u> | <u>\$ 8,377,283</u> | <u>\$ 5,124,461</u> | <u>\$ 72,889,122</u> |

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the City Manager submits a proposed budget for the fiscal year commencing the following July 1 to the City Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. State law requires that, prior to April 1, the Economic Estimates Commission provide the City with a final expenditure limit for the coming fiscal year. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the state each year. This report, issued under a separate cover, reconciles total City expenditures from the audited basic financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. Expenditures may not legally exceed the expenditure limitation described above of all fund types as a whole. The City adopts a budget by department for the General Fund and in total by fund for other funds, which is the legal level of budgetary control for these funds, except for the Metropolitan Planning Organization Fund which was not budgeted. The City Manager may at any time transfer any unencumbered appropriation balance or portion thereof within a department or activity. The adopted budget cannot be amended without City Council approval.
5. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Debt Service, and Capital Projects Funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The City is subject to the State of Arizona's Spending Limitation Law for Cities and Towns. This law does not permit the City to spend more than budgeted revenues plus the carryover unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The City complied with this law during the year.

On June 8, 2021, the City Council authorized budgetary amendments involving the General, Special Revenue and Capital Projects Funds.

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2021 consist of the following:

| | |
|--|------------------------------|
| Deposits | |
| Cash on Hand | \$ 8,300 |
| Cash in Bank | 5,300,484 |
| Cash on Deposit with County Treasurer | 152,083 |
| Investments | |
| State Treasurer's Investment Pool (LGIP) | 124,647,670 |
| U.S. Government Securities | 16,196,700 |
| Certificates of Deposit | 10,763,283 |
| Money Market | 14,922,737 |
| Total Deposits and Investments | <u>171,991,257</u> |
| Restricted Assets | <u>(18,089,271)</u> |
| Total Cash and Investments | <u><u>\$ 153,901,986</u></u> |

Investments

The City's Investment Policy, adopted on July 10, 2002 and updated October 11, 2011, authorizes the City to invest in obligations of the United States Treasury and United States Agencies, certificates of deposit in eligible depositories, Banker's Acceptances, repurchase agreements, money market funds, or any obligations guaranteed by the United States of America or any of its agencies as well as commercial paper rated in the highest tier by a nationally recognized rating agency. The City is also empowered to invest, by resolution, in the State of Arizona Local Government Investment Pool (LGIP).

The State Investment Board provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of participant's position in the pool approximates the value of that participant's pool shares. The shares are not identified with specific investments and are not subject to custodial credit risk. All other investments of the City are uninsured and unregistered with the securities held by the counterparty's trust department of agent in the City's name.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Investments (Continued)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Financial assets and liabilities recorded on the statement of net position are categorized based on the inputs to the valuation techniques as follows:

Level I – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level II – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level III – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset or inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

Debt securities classified in Level 2 are valued using quoted prices for similar securities in active markets.

Investments valued using the net asset value (NAV) per share (or its equivalent) are City investments in the Arizona State Treasurer's Investment Pool (LGIP) and unlike more traditional investments, generally do not have readily obtainable market values. Investments valued at NAV utilized Net Asset Values as provided by the State of Arizona Treasurer's Office at June 30, 2021.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Investments (Continued)

At year-end, the City's investments consisted of the following:

| | 6/30/2021 | Fair Value Measurements Using | | |
|--|----------------|--|--|--|
| | | Quoted Prices in Active Markets for identical Assets (Level I) | Significant Other Observable Inputs (Level II) | Significant Unobservable Inputs (Level III) |
| Investments by Fair Value Level | | | | |
| Debt Securities | | | | |
| Federal Agency Bonds | \$ 16,196,700 | \$ - | \$ 16,196,700 | \$ - |
| Total Debt Securities | 16,196,700 | - | 16,196,700 | - |
| Venture Capital Investments | | | | |
| Certificates of Deposits | 10,763,283 | - | 10,763,283 | - |
| Total Investments by Fair Value Level | 26,959,983 | \$ - | \$ 26,959,983 | \$ - |
| Investments Measured at Fair Value | | | | |
| State Treasurer's Investment Pool | 124,647,670 | | | |
| Total Investments Measured at Fair Value | 151,607,653 | | | |
| Investments by Amortized Cost | | | | |
| Money Market Funds | 14,922,737 | | | |
| Total Investments | \$ 166,530,390 | | | |

Interest Rate Risk

Interest rate risk is defined as the possibility of a reduction in the value of a security, especially a bond, resulting from a rise in interest rates. This risk can be reduced by diversifying the durations of the fixed-income investments that are held at a given time. As a means of limiting its exposure of fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities of five years.

The City's investments at June 30, 2021 consist of the following:

| Investment | Amount | Investment Maturities (in Years) | | |
|------------------------------------|----------------|----------------------------------|---------------|------|
| | | Less than 1 | 1-3 | 4-5 |
| State Treasurer's Investment Pools | \$ 124,647,670 | \$ 124,647,670 | \$ - | \$ - |
| Certificates of Deposit | 10,763,283 | 5,576,960 | 5,186,323 | - |
| Money Market | 14,922,737 | 14,922,737 | - | - |
| U.S. Government Securities | 16,196,700 | 10,141,380 | 6,055,320 | - |
| Total Investments | \$ 166,530,390 | \$ 155,288,747 | \$ 11,241,643 | \$ - |

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Credit Risk

Credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organizations (NRSROs). It is the City's policy to invest in securities with the highest rating issued by NRSROs. Presented below is the rating as of June 30, 2021 for each investment type.

| S&P Ratings Investment Type | Total | AAA | AA+ | AA- | Not Rated | Investment Percent |
|------------------------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| State Treasurer's Investment Pools | \$ 124,647,670 | \$ 63,301,137 | - | \$ 61,346,533 | - | 75 % |
| Certificates of Deposit | 10,763,283 | - | - | - | 10,763,283 | 6 |
| Money Market | 14,922,737 | - | - | - | 14,922,737 | 9 |
| U.S. Government Securities | 16,196,700 | - | 16,196,700 | - | - | 10 |
| Total Investments | <u>\$ 166,530,390</u> | <u>\$ 63,301,137</u> | <u>\$ 16,196,700</u> | <u>\$ 61,346,533</u> | <u>\$ 25,686,020</u> | <u>100 %</u> |

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2021, the City's deposits were covered by federal depository insurance or by collateral held by the City's custodial bank in the City's name. No deposits were exposed to custodial credit risk.

The custodial credit risk for investments is the risk that, in the event of default by the counterparty (e.g. broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy limits its exposure to custodial credit risk by requiring that all security transactions entered into by the City be conducted on a delivery-versus-payment basis. Securities are held by a third-party custodian.

The State Board of Deposit provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments.

The City's investment in U.S. government securities was rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Concentration of Credit Risk

The City's Investment Policy states that the City shall diversify its investments by security type and institution. With the exception of U. S. Treasury securities, authorized pools, and overnight repurchase agreements, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

2. Restricted Assets

Restricted assets at June 30, 2021 consisted of the following:

| | |
|----------------------------|----------------------|
| Customer Deposits | \$ 597,136 |
| Performance Bonds Deposits | 495,159 |
| Developer Agreements | 2,038,405 |
| Court Bonds | 61,200 |
| Police Property Evidence | 14,370 |
| Forfeitures | 106,030 |
| Future Debt Service | 14,776,971 |
| Total | <u>\$ 18,089,271</u> |

3. Capital Assets

Capital assets activity for the year ended June 30, 2021 was as follows:

| Governmental Activities: | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|-----------------------|---------------------|---------------------|-------------|-----------------------|
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | \$ 28,771,428 | \$ - | \$ (3) | \$ - | \$ 28,771,425 |
| Construction in Progress | 2,905,211 | 846,539 | (891,179) | - | 2,860,571 |
| Total Capital Assets, Not Being Depreciated | 31,676,639 | 846,539 | (891,182) | - | 31,631,996 |
| Capital Assets, Being Depreciated: | | | | | |
| Buildings and Improvements | 39,127,446 | 3,195,191 | - | - | 42,322,637 |
| Improvements to Land | 21,032,714 | 704,571 | - | - | 21,737,285 |
| Infrastructure | 104,114,351 | - | - | - | 104,114,351 |
| Furniture, Machinery and Equipment | 28,744,563 | 1,881,501 | (613,936) | (26,512) | 29,985,616 |
| Total Capital Assets, Being Depreciated | 193,019,074 | 5,781,263 | (613,936) | (26,512) | 198,159,889 |
| Accumulated Depreciation for: | | | | | |
| Buildings and Improvements | (21,193,192) | (1,210,270) | - | - | (22,403,462) |
| Improvements to Land | (8,002,924) | (576,226) | - | - | (8,579,150) |
| Infrastructure | (67,470,734) | (1,823,232) | - | - | (69,293,966) |
| Furniture, Machinery and Equipment | (21,803,108) | (1,013,898) | 605,386 | 26,512 | (22,185,108) |
| Total Accumulated Depreciation | (118,469,958) | (4,623,626) | 605,386 | 26,512 | (122,461,686) |
| Total Capital Assets, Being Depreciated, Net | 74,549,116 | 1,157,637 | (8,550) | - | 75,698,203 |
| Governmental Activities Capital Assets, Net | <u>\$ 106,225,755</u> | <u>\$ 2,004,176</u> | <u>\$ (899,732)</u> | <u>\$ -</u> | <u>\$ 107,330,199</u> |

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets (Continued)

| Business-Type Activities | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|----------------------|----------------|----------------|-----------|-------------------|
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | \$ 3,298,415 | \$ - | \$ - | \$ - | \$ 3,298,415 |
| Water Allocation Rights | 7,584,201 | - | - | - | 7,584,201 |
| Construction in Progress | 5,379,004 | 4,064,692 | (5,020,249) | - | 4,423,447 |
| Total Capital Assets, Not Being Depreciated | 16,261,620 | 4,064,692 | (5,020,249) | - | 15,306,063 |
| Capital Assets, Being Depreciated: | | | | | |
| Buildings and Improvements | 28,071,124 | - | - | - | 28,071,124 |
| Infrastructure | 509,935,962 | 5,064,981 | - | - | 515,000,943 |
| Machinery, Equipment and Vehicles | 12,203,540 | 977,695 | (154,612) | 26,512 | 13,053,135 |
| Water Allocation Rights | 2,374,554 | - | - | - | 2,374,554 |
| Total Capital Assets, Being Depreciated | 552,585,180 | 6,042,676 | (154,612) | 26,512 | 558,499,756 |
| Accumulated Depreciation for: | | | | | |
| Buildings and Improvements | (11,578,703) | (742,381) | - | - | (12,321,084) |
| Infrastructure | (185,531,289) | (12,523,376) | - | - | (198,054,665) |
| Machinery, Equipment and Vehicles | (7,565,905) | (1,034,361) | 154,612 | (26,512) | (8,472,166) |
| Water Allocation Rights | (598,586) | (59,364) | - | - | (657,950) |
| Total Accumulated Depreciation | (205,274,483) | (14,359,482) | 154,612 | (26,512) | (219,505,865) |
| Total Capital Assets, Being Depreciated, Net | 347,310,697 | (8,316,806) | - | - | 338,993,891 |
| Business-Type Activities Capital Assets, Net | \$ 363,572,317 | \$ (4,252,114) | \$ (5,020,249) | \$ - | \$ 354,299,954 |

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

| | |
|----------------------------|---------------------|
| General Government | \$ 1,472,836 |
| Public Safety | 971,304 |
| Highways and Streets | 1,696,725 |
| Culture and Recreation | 434,009 |
| Transportation Services | 48,752 |
| Total Depreciation Expense | <u>\$ 4,623,626</u> |

Business-Type Activities:

| | |
|----------------------------|----------------------|
| Irrigation and Drainage | 2,800,530 |
| Wastewater | 10,607,578 |
| Airport | 951,374 |
| Total Depreciation Expense | <u>\$ 14,359,482</u> |

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Construction Commitments

The City had active construction projects at June 30, 2021. The projects include various infrastructure projects, water system upgrades, wastewater system upgrades and park improvements. At fiscal year-end the City's commitments with contractors were as follows:

| Governmental Activities | | |
|--------------------------------|---------------|-------------------------|
| Project | Spent-to-date | Remaining Commitment |
| General Government | \$ 25,082 | \$ 2,780 |
| Total Governmental Activities | \$ 25,082 | \$ 2,780 |
| Business-Type Activities | | |
| Project | Spent-to-date | Remaining Commitment |
| Water System | \$ 572,293 | \$ 403,378 |
| Total Business-Type Activities | \$ 572,293 | \$ 403,378 |

B. Interfund Receivables, Payables and Transfers

As of June 30, 2021 interfund receivables and payables were as follows:

| | |
|--------------|--------------|
| | Due From |
| | Nonmajor |
| | Governmental |
| Due To | Funds |
| General Fund | \$ 199,825 |

The above interfund receivables and payables reflect short-term loans from the General Fund to the Grants Fund and Metropolitan Planning Organization Fund for negative ending cash balances.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables, Payables and Transfers (Continued)

Interfund transfers for the year ended June 30, 2021 consisted of the following:

| Transfers to | Transfers From | | | Total |
|-----------------------------------|---------------------|-----------------------------|-----------------------|---------------------|
| | General Fund | Nonmajor Governmental Funds | Irrigation & Drainage | |
| General Fund | \$ - | \$ 8,744 | \$ 500,000 | \$ 508,744 |
| Nonmajor Governmental Funds | 3,485,813 | - | - | 3,485,813 |
| Nonmajor Business-Type Activities | 29,384 | - | - | 29,384 |
| Total | <u>\$ 3,515,197</u> | <u>\$ 8,744</u> | <u>\$ 500,000</u> | <u>\$ 4,023,941</u> |

Transfers were made for general operating purposes and to fund capital projects within the various funds.

C. Obligations Under Leases

The City has entered into lease agreements as a lessee for financing the acquisition of equipment and vehicles. These lease agreements qualify as capital leases for accounting purposes and; therefore, have been recorded at the present value of their future minimum lease payments as of the inception date providing they meet the capitalization threshold.

The assets acquired through capital leases are as follows:

| | Governmental Activities |
|--|----------------------------|
| Asset: | |
| Vehicles, Equipment, and Facility Improvements | \$ 6,407,727 |
| Less Accumulated Depreciation | (1,184,835) |
| Total | <u>\$ 5,222,892</u> |

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Obligations Under Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 were as follows:

| Year Ending June 30, | Governmental Activities |
|---|----------------------------|
| 2022 | \$ 932,292 |
| 2023 | 699,918 |
| 2024 | 322,016 |
| 2025 | 176,487 |
| Total Minimum Lease Payments | 2,130,713 |
| Less: Amount Representing Interest | (39,645) |
| Present Value of Minimum Lease Payments | \$ 2,091,068 |

D. Long-Term Obligations

The City has long-term bonds and loans payable issued to provide funds for the acquisition and construction of major capital facilities. The City has also issued debt to refund earlier obligations with higher interest rates. The debt is being repaid by the Debt Service, Irrigation and Drainage and Wastewater Funds. Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund. Capital leases are paid by the applicable fund where the vehicles and equipment purchased will be used, primarily the General Fund, IDD Fund, Wastewater Fund, and Airport Fund. The City's pension liability and other postemployment benefits (OPEB) are paid by the applicable fund for each employee, primarily the General Fund.

The City has pledged revenue derived from an annual assessment and levy of taxes upon the real property of the Irrigation and Drainage District to repay \$4,120,000 at 6.625% in refunding bonds issued February 1993. Proceeds of the bonds were used to advance refund all of the District's outstanding bonds and payment of the costs of issuance of the Series 1993 bonds. The bonds are payable solely from tax assessments on the property owners and are payable through fiscal year 2023. The total principal and interest remaining to be paid on the bonds is \$20,663. Principal and interest paid for the current year and total assessed taxes were both \$11,325.

The City has pledged future revenues of the wastewater system, net of operation expenses, to repay \$71,775,000 plus interest at 3.0% - 5.0% in refunding bonds issued September 2015. If net revenues are insufficient to provide for debt service payments, the City has pledged and granted a lien on and will levy on all of the taxable property in the City a direct, ad valorem tax sufficient with the net revenues through 2037. The City has pledged future revenues of the wastewater system, net of operation expenses, to repay \$98,300,000 plus interest at 4.0 - 5.0% through 2045 for refunding bonds issued September 2015. Proceeds of the \$98,300,000 series 2015B revenue bonds, along with the \$71,775,000 Series 2015A proceeds and the proceeds of the \$60,269,432 2015 WIFA loan were used for a current refunding of all remaining Wastewater debt, totaling \$245,164,587.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

The City has pledged future revenues of the wastewater system, net of operation expenses to repay \$60,269,432 plus interest at 2.368% in refunding bonds issued September 2015 plus new money of \$1,300,000 to construct an expansion of the basin and suction line of the Mulberry Wastewater Treatment Plant reuse pump station. If net revenues are insufficient to provide for debt service payments, the City has pledged and granted a lien on and will levy on all of the taxable property in the City a direct, ad valorem tax sufficient with the net revenues through 2037. Proceeds of the loan, along with the \$71,775,000 Series 2015A proceeds and the proceeds of the \$98,300,000 Series 2015B were used for a current refunding of all remaining Wastewater debt, totaling \$210,840,840.

Loan covenants on the Wastewater debt (Series 2015A, 2015B and the WIFA loan) require the City to maintain 120% coverage of net revenues to current year debt service payments. Loan covenants also required the City to establish a Rate Stabilization Fund with a trustee in the amount of \$4,500,000 to ensure loan covenant requirements are met. Total principal and interest remaining to be paid on the Series 2015A is \$84,770,900, Series 2015B \$192,262,950, and WIFA \$57,065,991. Principal and interest (excluding amortized premium) paid for the current year and total customer net revenues were \$13,541,977 and \$20,648,713, respectively. Debt coverage on the Senior Lien debt is 1.52.

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$8,922,300 in authorized water system loans from the WIFA issued June 2007 (\$5,700,000) at 3.504% and July 2010 (\$11,400,000) at 2.775%. Proceeds from the loans provided financing for construction of water service line replacement and water main line replacement within the Wastewater System Expansion Program. The loans are payable solely from water customer net revenues and are payable through 2031 with the exception of \$8,177,700, which was principal paid directly to WIFA with Federal funds. Total principal and interest remaining to be paid on the WIFA loans is \$4,789,910. Principal and interest paid for the current year and total customer net revenues were \$598,284 and \$2,753,312, respectively. Loan covenants require the City to maintain 1.2 times coverage of net revenues to current year debt service payments. Debt coverage to current year debt service payments is 4.60.

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

For the year ended June 30, 2021, the City purchased a building to be used for the new courthouse for \$3,000,000, of which \$1,000,000 was financed through a note payable. The note payable has principal and interest payments due in forty (40) installments of \$9,427 on the 28th day of each month, beginning on September 28, 2020, and continuing until January 1, 2024, at which time all unpaid principal, accrued interest, and late charges are due and payable. However, the City fully paid off the note in January 2022. As such, all unpaid principal at June 30, 2021 is considered current.

Long-Term Obligations are comprised of the following:

Classified in the Business-Type Activities on the Government-wide Financial Statements:

| | <u>Long-Term Obligations Outstanding (in Thousands)</u> |
|---|---|
| <u>General Obligation Bonds</u> | |
| 1993 IDD Refunding Bonds (issued February 1, 1993) due in annual installments of \$10,000 to \$150,000 through July 1, 2022; interest at 6% to 6.625%. Original issue amount \$4,120,000. | \$ 20 |
| 2015 Senior Lien Wastewater Revenue Refunding Bonds, Series 2015 A (issued September 15, 2015) due in annual installments of \$755,000 to \$8,575,000 through July 1, 2037; interest at 4% to 5%. Original issue amount \$71,775,000. | 59,070 |
| <u>Revenue Bonds</u> | |
| Senior Lien Wastewater Revenue Bonds, Series 2015 B (issued September 15, 2015) due in annual installments of \$8,245,000 to \$13,160,000; interest at 4% to 5%. Original issue amount \$98,300,000. | 98,300 |
| <u>Water Infrastructure Financing Authority (WIFA) Loans</u> | |
| 2007 SR Drinking Water (issued June 25, 2007) due in annual installments of \$201,475 to \$387,621 through July 1, 2027; interest at 3.504%. Original issue amount \$5,700,000. | 2,453 |
| 2010 SR Drinking Water (issued July 11, 2010) due in annual installments of \$122,690 to \$206,382 through July 1, 2030; interest at 2.775%. Original issue amount \$3,222,300. | 1,830 |
| 2015 Senior Lien (GO) Wastewater Rev. Ref & Improvement loan (issued September 15, 2015) due in annual installments of \$1,436,925 to \$3,791,223 through July 1, 2035; interest at 2.368%. Original issue amount \$60,269,432. | 48,522 |
| Total Business-Type Long Term Liabilities | <u>\$ 210,195</u> |

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Changes in long-term obligations for the year ended June 30, 2021 are as follows:

| <u>Governmental Activities</u> | July 1, 2020 | Increases | Decreases | June 30, 2021 | Due Within One Year |
|--|-----------------------------|----------------------|-----------------------|-----------------------|------------------------|
| Other Liabilities: | | | | | |
| Capital Leases | \$ 2,099,433 | \$ 881,502 | \$ (889,867) | \$ 2,091,068 | \$ 905,758 |
| Notes Payable | - | 1,000,000 | \$ (74,874) | 925,126 | 925,685 |
| Compensated Absences | 3,033,562 | 2,459,517 | (2,320,751) | 3,172,328 | 2,493,645 |
| Other Postemployment Benefits | 9,819,883 | - | (64,031) | 9,755,852 | 575,879 |
| Net Pension OPEB Liability | 130,395 | - | (19,039) | 111,356 | - |
| Net Pension Liability | 87,238,677 | 8,996,487 | - | 96,235,164 | - |
| Total Other Liabilities | 102,321,950 | 13,337,506 | (3,368,562) | 112,290,894 | 4,900,967 |
| Governmental Activities Long-Term Liabilities | <u>\$ 102,321,950</u> | <u>\$ 13,337,506</u> | <u>\$ (3,368,562)</u> | <u>\$ 112,290,894</u> | <u>\$ 4,900,967</u> |
| | | | | | |
| <u>Business-Type Activities</u> | July 1, 2020 As Restated | Increases | Decreases | June 30, 2021 | Due Within One Year |
| Bonds, Notes and Loans Payable: | | | | | |
| General Obligation Bonds | \$ 61,380,000 | \$ - | \$ (2,290,000) | \$ 59,090,000 | \$ 2,405,000 |
| Revenue Bonds | 98,300,000 | - | - | 98,300,000 | - |
| WIFA Loans Payable | 55,935,480 | - | (3,130,347) | 52,805,133 | 3,208,572 |
| Plus Deferred Amount on Premium | 11,847,574 | - | (1,939,970) | 9,907,604 | - |
| Total Bonds and Notes Payable | 227,463,054 | - | (7,360,317) | 220,102,737 | 5,613,572 |
| Other Liabilities: | | | | | |
| Compensated Absences | 386,625 | 367,290 | (363,008) | 390,907 | 307,277 |
| Other Postemployment Benefits | 3,168,490 | - | (8,376) | 3,160,114 | 83,579 |
| Net Pension OPEB Liability | 23,078 | 2,525 | - | 25,603 | - |
| Net Pension Liability | 5,116,037 | 688,789 | - | 5,804,826 | - |
| Total Other Liabilities | 8,694,230 | 1,058,604 | (371,384) | 9,381,450 | 390,856 |
| Business-Type Activities Long-Term Liabilities | <u>\$ 236,157,284</u> | <u>\$ 1,058,604</u> | <u>\$ (7,731,701)</u> | <u>\$ 229,484,187</u> | <u>\$ 6,004,428</u> |

Debt service requirements on long-term debt at June 30, 2021 are as follows:

| <u>Year Ending June 30,</u> | <u>Business-Type Activities</u> | |
|-----------------------------|---------------------------------|-----------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2022 | \$ 5,613,572 | \$ 8,530,610 |
| 2023 | 5,813,789 | 8,321,937 |
| 2024 | 6,011,049 | 8,105,580 |
| 2025 | 6,230,405 | 7,935,822 |
| 2026 | 6,396,913 | 7,747,182 |
| 2027 - 2031 | 33,950,222 | 35,332,515 |
| 2032 - 2036 | 38,549,183 | 28,601,234 |
| 2037 - 2041 | 47,345,000 | 18,736,700 |
| 2042 - 2046 | 60,285,000 | 5,403,700 |
| Total | <u>\$ 210,195,133</u> | <u>\$ 128,715,279</u> |

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 OTHER INFORMATION

A. Risk Management

Lake Havasu City, Arizona is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City is insured by Arizona Municipal Risk Retention Pool for potential worker related accidents. Settlements have not exceeded the City's coverage for the past three fiscal years.

The City joined the Northwest Arizona Employee Benefit Trust (NAEBT) as the employee benefits pool to provide employee benefits to eligible employees of the City and their dependents effective July 1, 2012.

B. Contingent Liabilities

Lawsuits – The City is a defendant in various lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of the City's attorney, such matters will not have a material adverse effect on the City's financial position at June 30, 2021.

C. Budgetary Basis of Accounting

The adopted budget of the City was prepared on a basis consistent with accounting principles generally accepted in the United States of America.

D. Development Agreements

The development agreement between Lake Havasu City and Wolford Development, Inc. dated June 14, 2005 was reviewed and a determination was made that the interest paid in prior years to Regions Bank was not payable to the bank resulting in an overpayment for taxes due. Subsequent sales taxes payable will be held in a liability account until such a time the excess payment is exhausted, or the agreement expires.

E. Correction of an Error

During the year ended June 30, 2021 the City determined that it no longer had a landfill closure and postclosure care costs liability in its Refuse Fund due to entering into an agreement with a third party for its solid waste operations. As this agreement was entered into in July 2019, the liability should have been removed in the prior year. Therefore, a correction of an error is necessary in order to properly state beginning net position in the Refuse Fund and Business-Type Activities. The net effect on beginning net position is as follows:

| | Irrigation and Drainage Fund | Wastewater Fund | Refuse Fund | Nonmajor Enterprise Fund | Total Enterprise Funds | Business-type Activities |
|---|------------------------------------|----------------------|---------------------|--------------------------------|------------------------------|-----------------------------|
| Net Position, July 1, 2020, as Previously Reported | \$ 122,365,454 | \$ 74,624,619 | \$ 945,666 | \$ 13,724,146 | \$ 211,659,885 | \$ 211,659,885 |
| Restatements: | | | | | | |
| Landfill Closure and Postclosure Care Costs | - | - | 3,625,194 | - | 3,625,194 | 3,625,194 |
| Net Position, July 1, 2020, as Restated | <u>\$ 122,365,454</u> | <u>\$ 74,624,619</u> | <u>\$ 4,570,860</u> | <u>\$ 13,724,146</u> | <u>\$ 215,285,079</u> | <u>\$ 215,285,079</u> |

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Subsequent Events

As part of the Capital Improvement Plan, the City Council authorized the following capital expenditures:

On July 13, 2021, \$2.2 million tank replacement project with Paso Robles; and \$4.1 million island wastewater replacement project with Technology Construction, LLC.

On August 10, 2021, \$6.5 million taxiway connectors reconstruction project with Combs Construction Co.

On October 26, 2021, \$2.7 million backup water supply well facility project with Scholfield Civil Construction, LLC.

On January 11, 2022, \$1.4 million for Avalon Drain #2 Wash stabilization improvements with Perco Rock Company.

On October 29, 2021, the City issued the final payment completing the \$3.8 million development agreement with Lakeside Development.

On January 5, 2022, the City paid the remaining \$881,888 balance of the debt issued for the purchase of the future Courthouse at 92 Acoma Boulevard.

The City continues to implement a new financial system Oracle Enterprise Resource Planning (ERP) system.

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

G. Retirement Plans

The City contributes to the pension plans described below. The plans are component units of the State of Arizona.

At June 30, 2021, the City reported the following aggregate amounts related to pensions for all plans to which it contributes:

| <u>Statement of Net Position and Statement of Activities</u> | <u>Governmental Activities</u> | <u>Business Activities</u> | <u>Total</u> |
|--|------------------------------------|--------------------------------|----------------|
| Net Pension Liability | \$ 96,235,164 | \$ 5,804,826 | \$ 102,039,990 |
| Deferred Outflows of Resources | 19,780,493 | 1,039,179 | 20,819,672 |
| Deferred Inflows of Resources | 2,060,255 | 212,105 | 2,272,360 |
| Pension Expense | 10,155,185 | 317,762 | 10,472,947 |

The City reported \$8.1 million of pension expenditures in the governmental funds and \$436,705 in enterprise funds related to all pension plans to which it contributes.

Disclosures related to the OPEB plans for both ASRS and PSPRS are not included as the assets, liabilities, deferred inflows of resources, deferred outflows of resources, and OPEB expense are not significant to the City's financial statements.

**1. Arizona State Retirement System
Plan Description**

City employees not covered by the other pension plans described after this section participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan.

The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at www.azasrs.gov.

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

G. Retirement Plans (Continued)

1. Arizona State Retirement System (Continued)

Benefits Provided

The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

| | Retirement Initial Membership Date: | |
|--|---|---|
| | Before July 1, 2011 | On or After July 1, 2011 |
| Years of service and age required to receive benefit | Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65 | 30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65 |
| Final average salary is based on | Highest 36 consecutive months of last 120 months | Highest 60 consecutive months of last 120 months |
| Benefit percentage per year of service | 2.1% to 2.3% | 2.1% to 2.3% |

* With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a members' death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions

In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 OTHER INFORMATION (CONTINUED)

G. Retirement Plans (Continued)

1. Arizona State Retirement System (Continued)

Contributions (Continued)

For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.22% (12.04% for retirement and 0.18% for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 12.22% (11.65% for retirement, 0.39% for health insurance premium benefit, and 0.18% for long-term disability) of the members' annual covered payroll.

In addition, the City was required by statute to contribute at the actuarially determined rate of 10.21% (10.14% for retirement and 0.07% for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS. The City's contributions to the pension plan for the year ended June 30, 2021 were \$2.0 million.

During fiscal year 2021, the City paid for ASRS pension and OPEB contributions as follows: 78% from the General Fund and 22% from all other funds.

Pension Liability

At June 30, 2021, the City reported a liability of \$26.4 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2020.

The City's proportion of the net pension liability was based on the City's actual contributions for the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The City's proportion measured as of June 30, 2020, was 0.15255%, which was a decrease of 0.00757% from its proportion measured as of June 30, 2019.

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

G. Retirement Plans (Continued)

1. Arizona State Retirement System (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2021, the City recognized pension expense for ASRS of \$1,444,638 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences Between Expected and Actual Experience | \$ 239,120 | \$ - |
| Changes of Assumptions or Other Inputs | - | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 2,549,359 | - |
| Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions | - | 968,017 |
| City Contributions Subsequent to the Measurement Date | 1,985,535 | - |
| Total | <u>\$ 4,774,014</u> | <u>\$ 968,017</u> |

The \$2.0 million reported as deferred outflows of resources related to ASRS pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

| <u>Year Ended June 30,</u> | <u>Amount</u> |
|----------------------------|---------------|
| 2022 | \$ (314,828) |
| 2023 | 424,657 |
| 2024 | 922,130 |
| 2026 | 788,503 |

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

G. Retirement Plans (Continued)

1. Arizona State Retirement System (Continued)

Actuarial Assumptions

The significant actuarial assumptions used to measure the total ASRS pension liability are as follows:

| | |
|-----------------------------|---------------------|
| Actuarial Valuation Date | June 30, 2019 |
| Actuarial Roll Forward Date | June 30, 2020 |
| Actuarial Cost Method | Entry Age Normal |
| Investment Rate of Return | 7.5% |
| Projected Salary Increases | 2.7-7.2% |
| Inflation | 2.3% |
| Permanent Benefit Increase | Included |
| Mortality Rates | 2017 SRA Scale U-MP |

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class of ASRS are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Geometric Real Rate of Return |
|--|----------------------|---|
| Equity | 50 % | 6.39 % |
| Fixed Income - Credit | 20 | 5.44 |
| Fixed Income - Interest Rate Sensitive | 10 | 0.22 |
| Real Estate | 20 | 5.85 |
| Total | 100 % | |

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

G. Retirement Plans (Continued)

1. Arizona State Retirement System (Continued)

Discount Rate

The discount rate used to measure the ASRS total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease (6.5%) | Current Discount Rate (7.5%) | 1% Increase (8.5%) |
|--|-----------------------|------------------------------------|-----------------------|
| City's Proportionate Share of the Net Pension Liability | \$ 36,144,863 | \$ 26,431,607 | \$ 18,311,823 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

2. Public Safety Personnel Retirement System

Plan Descriptions

City public safety employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers an agent and cost-sharing multiple-employer defined benefit pensions. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the City's financial statements.

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

G. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Plan Descriptions (Continued)

The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information. The report is available on the PSPRS website at www.psprs.com.

Benefits Provided

The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Certain retirement and disability benefits are calculated on the basis of age, average monthly compensation, and service credit as follows. See the publicly available PSPRS financial report for additional benefits information.

| Retirement and Disability | Initial Membership Date: | |
|--|--|---|
| | Before January 1, 2012 | On or After January 1, 2012 and before July 1, 2017 |
| Years of service and age required to receive benefit | 20 years of service, any age 15 years of service, age 62 | 25 years of service or 15 years of credited service, age 52.5 |
| Final average salary is based on | Highest 36 consecutive months of last 20 years | Highest 60 consecutive months of last 20 years |
| Benefit percentage | | |
| Normal Retirement | 50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80% | 1.5% to 2.5% for each year of credited service, not to exceed 80% |
| Accidental Disability Retirement | 50% or normal retirement, whichever is greater | |
| Catastrophic Disability Retirement | 90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater | |
| Ordinary Disability Retirement | Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20 | |
| <u>Survivor Benefit</u> | | |
| Retired Members | 80-100% of retired member's pension benefit | |
| Active Members | 80-100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job | |

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50% of the member's compensation for up to 12 months.

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

G. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the agent pension plan's benefit terms:

| | <u>PSPRS Police</u> | <u>PSPRS Fire</u> |
|--|-------------------------|-----------------------|
| Inactive employees or beneficiaries currently receiving benefits | 59 | 49 |
| Inactive employees entitled to but not yet receiving benefits | 22 | 13 |
| Active employees | <u>52</u> | <u>70</u> |
| Total | <u><u>133</u></u> | <u><u>132</u></u> |

Contributions

State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2021, are indicated below. Rates are a percentage of active members' annual covered payroll.

| | <u>PSPRS Police</u> | <u>PSPRS Fire</u> |
|-------------------------------|-------------------------|-----------------------|
| Active Members - Pension City | 7.65-9.94% | 7.65-9.94% |
| PSPRS Tier 1/2 | 56.47% | 51.54% |
| PSPRS Tier 3 | 9.35% | 9.35% |

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

G. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Contributions (Continued)

For the agent plans, the contributions to the pension plan for the year ended were:

| | PSPRS Police | PSPRS Fire |
|----------------------------|-----------------|---------------|
| Pension Contributions Made | \$ 3,296,889 | \$ 3,204,122 |

During fiscal year 2021, the City paid PSPRS pension contributions 100% from the General Fund.

Pension Liability

At June 30, 2021, the City reported the following net pension liabilities:

| | Net Pension Liability |
|--------------|--------------------------|
| PSPRS Police | \$ 37,904,718 |
| PSPRS Fire | 37,703,665 |

The net pension liabilities were measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The significant actuarial assumptions used to measure the total pension liability are as follows:

| | |
|---------------------------|-----------------------------|
| Actuarial Valuation Date | June 30, 2020 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Investment Rate of Return | 7.30% |
| Wage Inflation | 3.5% |
| Price Inflation | 2.5% |
| Cost-of-living Adjustment | 1.75% |
| Mortality Rates | PubS-2010 tables |

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 OTHER INFORMATION (CONTINUED)

G. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.3% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Geometric Real Rate of Return</u> |
|-------------------------------------|------------------------------|---|
| U.S. Public Equity | 23 % | 4.93 % |
| International Public Equity | 15 | 6.09 |
| Global Private Equity | 18 | 8.42 |
| Other Assets (Capital Appreciation) | 7 | 5.61 |
| Core Bonds | 2 | 0.22 |
| Private Credit | 22 | 5.31 |
| Diversifying Strategies | 12 | 3.22 |
| Cash - Mellon | 1 | (0.60) |
| Total | <u>100 %</u> | |

Pension Discount Rates

At June 30, 2020, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.3%.

The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the PSPRS pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

G. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Changes in the Agent Plans Net Pension Liability

The following tables present changes in the City's net pension liability for PSPRS Police and PSPRS Fire plans as follows:

PSPRS Police

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| Balance at Beginning of Year | \$ 60,815,101 | \$ 25,701,975 | \$ 35,113,126 |
| Changes for the Year: | | | |
| Service Cost | 906,170 | - | 906,170 |
| Interest on the Total Pension Liability | 4,401,029 | - | 4,401,029 |
| Differences Between Expected and Actual Experience in the Measurement of the Pension Liability | 631,464 | - | 631,464 |
| Changes of Assumptions or Other Inputs | - | - | - |
| Contributions - Employer | - | 2,301,079 | (2,301,079) |
| Contributions - Employee | - | 512,821 | (512,821) |
| Net Investment Income | - | 362,761 | (362,761) |
| Benefit Payments, Including Refunds of Employee Contributions | (2,866,416) | (2,866,416) | - |
| Administrative Expenses | - | (29,590) | 29,590 |
| Other Changes | - | - | - |
| Net Changes | <u>3,072,247</u> | <u>280,655</u> | <u>2,791,592</u> |
| Balances at End of Year | <u>\$ 63,887,348</u> | <u>\$ 25,982,630</u> | <u>\$ 37,904,718</u> |

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

G. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Changes in the Agent Plans Net Pension Liability (Continued)

PSPRS Fire

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| Balance at Beginning of Year | \$ 61,501,211 | \$ 27,558,947 | \$ 33,942,264 |
| Changes for the Year: | | | |
| Service Cost | 1,264,141 | - | 1,264,141 |
| Interest on the Total Pension Liability | 4,480,643 | - | 4,480,643 |
| Differences Between Expected and Actual Experience in the Measurement of the Pension Liability | 1,545,202 | - | 1,545,202 |
| Changes of Assumptions or Other Inputs | - | - | - |
| Contributions - Employer | - | 2,699,402 | (2,699,402) |
| Contributions - Employee | - | 473,865 | (473,865) |
| Net Investment Income | - | 386,874 | (386,874) |
| Benefit Payments, Including Refunds of Employee Contributions | (2,773,356) | (2,773,356) | - |
| Administrative Expenses | - | (31,556) | 31,556 |
| Other Changes | - | - | - |
| Net Changes | 4,516,630 | 755,229 | 3,761,401 |
| Balances at End of Year | <u>\$ 66,017,841</u> | <u>\$ 28,314,176</u> | <u>\$ 37,703,665</u> |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's net pension liability calculated using the discount rates noted above, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|-----------------------|---------------|--------------------------|---------------|
| PSPRS Police | | | |
| Rate | 6.30% | 7.30% | 8.30% |
| Net Pension Liability | \$ 46,709,231 | \$ 37,904,718 | \$ 30,768,679 |
| PSPRS Fire | | | |
| Rate | 6.30% | 7.30% | 8.30% |
| Net Pension Liability | \$ 46,919,334 | \$ 37,703,665 | \$ 30,172,052 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PSPRS financial report. The report is available on the PSPRS website at www.psprs.com.

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

G. Retirement Plans (Continued)

2. Public Safety Personnel Retirement System (Continued)

Pension Expense

For the year ended June 30, 2021, the City recognized the following as pension expense:

| | Pension Expense |
|--------------|--------------------|
| PSPRS Police | \$ 4,185,068 |
| PSPRS Fire | 4,843,241 |

Pension Deferred Outflows/Inflows of Resources

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| PSPRS - Police | | |
| Differences between expected and actual experience | \$ 990,451 | \$ 67,829 |
| Changes of assumptions or other inputs | 1,044,308 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,416,580 | - |
| City contributions subsequent to the measurement date | 3,296,889 | - |
| Total | \$ 6,748,228 | \$ 67,829 |
| PSPRS - Fire | | |
| Differences between expected and actual experience | \$ 2,356,250 | \$ 1,236,514 |
| Changes of assumptions or other inputs | 2,202,026 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,535,032 | - |
| City contributions subsequent to the measurement date | 3,204,122 | - |
| Total | \$ 9,297,430 | \$ 1,236,514 |

The amounts reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | PSPRS Police | PSPRS Fire |
|----------------------|-----------------|---------------|
| 2022 | \$ 1,403,758 | \$ 1,359,123 |
| 2023 | 1,093,716 | 1,312,950 |
| 2024 | 585,485 | 1,034,708 |
| 2025 | 300,551 | 892,478 |
| 2026 | - | 257,535 |

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

H. Other Postemployment Benefits – Single Employer Plan

Plan Description and Benefits Provided

Lake Havasu City provides single employer postemployment benefit plans for retirees. Active employees, who started before July 1, 2004, are eligible for medical coverage for themselves and their eligible dependent(s) under the City’s health benefits program for a period not longer than ten (10) years after the date of retirement, until age 65 or Medicare eligible, or a covered dependent ceases to be an eligible dependent as defined under the Northwest Arizona Employee Benefit Trust Plan (NAEBT).

Pursuant to the provisions of the plan, employees hired before July 1, 2004 may be retained on the City’s health insurance plan, provided they make required premium contributions and comply with all other provisions of the NAEBT, in accordance with the following provisions, with the condition that the employees have no vested rights:

- a) The employee must retire from Lake Havasu City, Arizona by meeting one of the alternative eligibility requirements based on their respective Retirement system.
- b) Eligible employees have worked a minimum of ten (10) years of full-time, benefit-eligible service with Lake Havasu City, Arizona or have earned sixty (60) points, which is a combination of age and years of service with Lake Havasu City, Arizona.
- c) Eligible employees retire under the applicable Arizona State Retirement System and elect to receive the State health insurance subsidy, if available.
- d) Retiree must elect to be retained on the Plan with no break in coverage following their retirement and must waive all rights to COBRA continuation coverage.

Other eligible active employees, who started on or after July 1, 2004, will be covered under a defined contribution Health Retirement Savings Plan adopted by Council on November 24, 2009. This plan will not generate any GASB 75 liability.

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

| | |
|-------------------------------------|-----|
| Inactive Employees or Beneficiaries | |
| Currently Receiving Benefits | 62 |
| Active Plan Members | 95 |
| Total | 157 |

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

H. Other Postemployment Benefits – Single Employer Plan (Continued)

Total OPEB Liability

The City's total OPEB liability of \$12,915,966 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-------------------------|--|
| Inflation | 2.50% |
| Salary Increases | 3.00% |
| Discount Rate | 2.45% |
| Health Care Trend Rates | 5.8% in 2021, fluctuating downward until 4% in 2076 |

Mortality rates were based on RP 2014 base rates (published RP 2014 rates with MP 2014 projection from 2006 to 2014 backed out) then projected from 2006 forward generationally using MacLeod Watts Scale 2020.

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

H. Other Postemployment Benefits – Single Employer Plan (Continued)

Changes in Total OPEB Liability

A change in the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The following table shows the changes in OPEB liability as of June 30, 2021.

| | Total OPEB Liability |
|--------------------------|-------------------------|
| Balance at June 30, 2020 | \$ 12,988,373 |
| Changes for the Year: | |
| Service Cost | 353,208 |
| Interest | 406,683 |
| Change in Assumptions | (135,271) |
| Contributions | (697,027) |
| Net Changes | (72,407) |
| Balance at June 30, 2021 | \$ 12,915,966 |

Sensitivity Results

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

| | 1% Decrease (1.45%) | Discount Rate (2.45%) | 1% Increase (3.45%) |
|--------------------|------------------------|--------------------------|------------------------|
| Net OPEB Liability | \$ 13,605,482 | \$ 12,915,966 | \$ 12,258,711 |

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | Healthcare Cost | | |
|--------------------|--|--|--|
| | 1% Decrease (4.8% fluctuating downward until 3% in 2076) | Current Trend Rates (5.8% fluctuating downward until 4% in 2076) | 1% Increase (6.8% fluctuating downward until 5% in 2076) |
| Net OPEB Liability | \$ 12,050,370 | \$ 12,915,966 | \$ 13,863,128 |

**LAKE HAVASU CITY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

H. Other Postemployment Benefits – Single Employer Plan (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the City recognized OPEB expense of \$513,346. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|----------------------------------|
| Change of Assumptions | \$ 123,907 | \$ 126,184 |
| Net Difference Between Projected and Actual Investment Earnings | - | 1,378,391 |
| Contributions Between Measurement Date and Reporting Date | 709,992 | - |
| Total | <u>\$ 833,899</u> | <u>\$ 1,504,575</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ending June 30,</u> | Future Recognition |
|-----------------------------|-----------------------|
| 2022 | \$ (763,073) |
| 2023 | (540,382) |
| 2024 | (77,213) |
| 2025 | - |

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REQUIRED SUPPLEMENTARY INFORMATION

**LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY
AND RELATED RATIOS
LAST TEN FISCAL YEARS**

| | 2021 | 2020 | 2019 | 2018 |
|---|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | | |
| Service Cost | \$ 353,208 | \$ 434,899 | \$ 424,722 | \$ 459,852 |
| Interest | 406,683 | 527,738 | 511,977 | 431,911 |
| Changes of Assumptions | (135,271) | (1,773,379) | (50,613) | (573,685) |
| Contributions | (697,027) | (688,788) | (709,650) | (676,460) |
| Net Change in Total OPEB Liability | (72,407) | (1,499,530) | 176,436 | (358,382) |
| Total OPEB Liability - beginning | 12,988,373 | 14,487,903 | 14,311,467 | 14,669,849 |
| Total OPEB Liability - ending (a) | <u>\$ 12,915,966</u> | <u>\$ 12,988,373</u> | <u>\$ 14,487,903</u> | <u>\$ 14,311,467</u> |
| Plan Fiduciary Net Position | | | | |
| Contributions - Employer | \$ 697,027 | \$ 688,788 | \$ 709,650 | \$ 676,460 |
| Benefit Payments | (697,027) | (688,788) | (709,650) | (676,460) |
| Plan Fiduciary Net Position - beginning | - | - | - | - |
| Plan Fiduciary Net Position - ending (b) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| City's Net OPEB Liability - ending (a) - (b) | \$ 12,915,966 | \$ 12,988,373 | \$ 14,487,903 | \$ 14,311,467 |
| Covered-employee Payroll | \$ 7,707,196 | \$ 9,432,741 | \$ 10,831,018 | \$ 11,030,000 |
| City's Net OPEB Liability as a Percentage of Covered-employee Payroll | 167.58% | 137.69% | 133.76% | 129.75% |

Note: The City implemented GASB Statement No. 75 for fiscal year ended June 30, 2018. Information prior to fiscal year 2018 is not available.

**LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2021**

Arizona State Retirement System

| | Reporting Fiscal Year (Measurement Date) | | | | | | |
|--|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) |
| City's Proportion of the Net Pension Liability | 0.15255% | 0.16012% | 0.16475% | 0.17353% | 0.16669% | 0.16651% | 0.16774% |
| City's Proportionate Share of the Net Pension Liability | \$ 26,431,607 | \$ 23,299,323 | \$ 22,976,827 | \$ 27,032,591 | \$ 26,905,441 | \$ 25,935,590 | \$ 24,263,884 |
| City's Covered Payroll | 17,044,086 | 16,182,096 | 16,322,972 | 16,926,187 | 15,607,806 | 15,336,079 | 14,781,897 |
| City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 161.93% | 137.65% | 140.76% | 159.71% | 172.38% | 169.11% | 164.15% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 69.33% | 73.24% | 73.40% | 69.92% | 67.06% | 68.35% | 69.49% |

Note: The City implemented GASB Statement No. 68 for fiscal year ended June 30, 2015. Information prior to fiscal year 2015 is not available.

**LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
ALL PENSION PLANS
YEAR ENDED JUNE 30, 2021**

Arizona State Retirement System

| | Reporting Fiscal Year | | | | | | |
|--|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Statutorily Required Contribution | \$ 1,985,535 | \$ 1,913,179 | \$ 1,883,596 | \$ 1,779,204 | \$ 1,824,643 | \$ 1,693,447 | \$ 1,670,099 |
| City's Contribution in Relation to the Statutorily Required Contribution | 1,985,535 | 1,913,179 | 1,883,596 | 1,779,204 | 1,824,643 | 1,693,447 | 1,670,099 |
| City's Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's Covered Payroll | <u>17,044,086</u> | <u>\$ 16,708,987</u> | <u>\$ 16,182,096</u> | <u>\$ 16,322,972</u> | <u>\$ 16,926,187</u> | <u>\$ 15,607,806</u> | <u>\$ 15,336,079</u> |
| City's Contributions as a Percentage of Covered Payroll | 11.65% | 11.45% | 11.64% | 10.90% | 10.78% | 10.85% | 10.89% |

PSPRS Police

| | Reporting Fiscal Year | | | | | | |
|--|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Actuarially Determined Contribution | \$ 3,296,889 | \$ 1,673,832 | \$ 2,987,849 | \$ 2,991,037 | \$ 2,210,217 | \$ 2,228,546 | \$ 1,567,440 |
| City's Contribution in Relation to the Actuarially Determined Contribution | 3,296,889 | 1,673,832 | 2,987,849 | 2,354,928 | 2,210,217 | 2,228,546 | 1,567,440 |
| City's Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (636,109)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's Covered Payroll | <u>\$ 5,838,302</u> | <u>\$ 5,689,821</u> | <u>\$ 5,360,332</u> | <u>\$ 5,482,280</u> | <u>\$ 5,429,036</u> | <u>\$ 4,819,831</u> | <u>\$ 4,876,023</u> |
| City's Contributions as a Percentage of Covered Payroll | 56.47% | 29.42% | 55.74% | 42.96% | 40.71% | 46.24% | 32.15% |

PSPRS Fire

| | Reporting Fiscal Year | | | | | | |
|--|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Actuarially Determined Contribution | \$ 3,204,122 | \$ 2,119,126 | \$ 3,209,845 | \$ 2,827,637 | \$ 2,338,318 | \$ 2,253,104 | \$ 1,546,439 |
| City's Contribution in Relation to the Actuarially Determined Contribution | 3,204,122 | 2,119,126 | 3,209,845 | 2,089,843 | 2,338,318 | 2,253,104 | 1,546,439 |
| City's Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (737,794)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's Covered Payroll | <u>\$ 6,216,768</u> | <u>\$ 6,182,281</u> | <u>\$ 5,905,879</u> | <u>\$ 5,721,646</u> | <u>\$ 5,876,745</u> | <u>\$ 5,533,617</u> | <u>\$ 5,162,923</u> |
| City's Contributions as a Percentage of Covered Payroll | 51.54% | 34.28% | 54.35% | 36.53% | 39.79% | 40.72% | 29.95% |

Note: The City implemented GASB Statement No. 68 for fiscal year ended June 30, 2015. Information prior to fiscal year 2015 is not available.

LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIO
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM – POLICE AND FIRE
YEAR ENDED JUNE 30, 2021

PSPRS Police

| | Reporting Fiscal Year (Measurement Date) | | | | | | |
|--|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) |
| Total Pension Liability | | | | | | | |
| Service Cost | \$ 906,170 | \$ 1,062,438 | \$ 1,016,857 | \$ 1,234,563 | \$ 922,034 | \$ 861,608 | \$ 848,865 |
| Interest on the Total Pension Liability | 4,401,029 | 4,161,187 | 4,000,651 | 3,651,211 | 3,464,339 | 3,399,923 | 2,915,368 |
| Changes of Benefit Terms | - | - | - | 582,417 | 2,528,560 | - | 703,355 |
| Differences Between Expected and Actual Experience in the Measurement of the Pension Liability | 631,464 | 527,967 | (193,125) | 1,482,173 | (1,471,071) | (106,367) | 893,651 |
| Changes of Assumptions or Other Inputs | - | 1,561,991 | - | 1,480,171 | 1,778,435 | - | 3,938,245 |
| Benefit Payments, Including Refunds of Employee Contributions | (2,866,416) | (3,336,596) | (3,081,375) | (2,801,935) | (2,852,973) | (3,876,595) | (2,389,772) |
| Net Change in Total Pension Liability | 3,072,247 | 3,976,987 | 1,743,008 | 5,628,600 | 4,369,324 | 278,569 | 6,909,712 |
| Total Pension Liability - Beginning | 60,815,101 | 56,838,114 | 55,095,106 | 49,466,506 | 45,097,182 | 44,818,613 | 37,908,901 |
| Total Pension Liability - Ending (a) | 63,887,348 | 60,815,101 | 56,838,114 | 55,095,106 | 49,466,506 | 45,097,182 | 44,818,613 |
| Plan Fiduciary Net Position | | | | | | | |
| Contributions - Employer | 2,301,079 | 3,729,249 | 3,104,531 | 2,210,217 | 2,228,546 | 1,567,440 | 1,354,412 |
| Contributions - Employee | 512,821 | 437,628 | 732,863 | 625,344 | 595,760 | 554,019 | 549,533 |
| Net Investment Income | 362,761 | 1,418,829 | 1,767,466 | 2,293,048 | 113,130 | 732,631 | 2,503,686 |
| Benefit Payments, Including Refunds of Employee Contributions | (2,866,416) | (3,336,596) | (3,081,375) | (2,801,935) | (2,852,973) | (3,876,595) | (2,389,772) |
| Hall/Parker Settlement | - | - | (749,603) | - | - | - | - |
| Administrative Expenses | (29,590) | (25,679) | (27,600) | (20,690) | (16,679) | (18,256) | - |
| Other Changes | - | (14,467) | (10,160) | (13,631) | (61,181) | (2,391) | (1,015,209) |
| Net Change in Plan Fiduciary Net Position | 280,655 | 2,208,964 | 1,736,122 | 2,292,353 | 6,603 | (1,043,152) | 1,002,650 |
| Plan Fiduciary Net Position - Beginning | 25,701,975 | 23,493,011 | 21,756,889 | 19,464,536 | 19,457,933 | 20,501,085 | 19,498,435 |
| Plan Fiduciary Net Position - Ending (b) | 25,982,630 | 25,701,975 | 23,493,011 | 21,756,889 | 19,464,536 | 19,457,933 | 20,501,085 |
| City's Net Pension Liability (Asset) - Ending (a) - (b) | <u>\$ 37,904,718</u> | <u>\$ 35,113,126</u> | <u>\$ 33,345,103</u> | <u>\$ 33,338,217</u> | <u>\$ 30,001,970</u> | <u>\$ 25,639,249</u> | <u>\$ 24,317,528</u> |

| | Reporting Fiscal Year (Measurement Date) | | | | | | |
|--|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 40.67% | 42.26% | 41.33% | 39.49% | 39.35% | 43.15% | 45.74% |
| Covered Payroll | \$ 5,689,821 | \$ 5,360,332 | \$ 5,482,280 | \$ 5,429,036 | \$ 4,819,831 | \$ 4,876,023 | \$ 4,534,608 |
| City's Net Pension Liability (Asset) as a Percentage of Covered Payroll | 666.18% | 655.06% | 608.23% | 614.07% | 622.47% | 525.82% | 536.27% |

Note: The City implemented GASB Statement No. 68 for fiscal year ended June 30, 2015. Information prior to fiscal year 2015 is not available.

See accompanying Notes to Required Supplementary Information.

LAKE HAVASU CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIO
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM – POLICE AND FIRE (CONTINUED)
YEAR ENDED JUNE 30, 2021

PSPRS Fire

| | Reporting Fiscal Year (Measurement Date) | | | | | | |
|--|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) |
| Total Pension Liability | | | | | | | |
| Service Cost | \$ 1,264,141 | \$ 1,278,297 | \$ 1,227,618 | \$ 1,344,599 | \$ 1,057,474 | \$ 959,699 | \$ 924,982 |
| Interest on the Total Pension Liability | 4,480,643 | 4,198,538 | 4,135,420 | 3,734,268 | 3,496,748 | 3,383,165 | 2,837,439 |
| Changes of Benefit Terms | - | - | - | 595,772 | 1,468,498 | - | 952,334 |
| Differences Between Expected and Actual Experience in the Measurement of the Pension Liability | 1,545,202 | 1,001,251 | (2,255,339) | 977,472 | (327,782) | (84,341) | 14,363 |
| Changes of Assumptions or Other Inputs | - | 985,058 | - | 2,126,762 | 1,911,648 | - | 4,840,056 |
| Benefit Payments, Including Refunds of Employee Contributions | (2,773,356) | (2,841,282) | (2,997,196) | (2,255,936) | (2,753,000) | (2,967,977) | (2,301,260) |
| Net Change in Total Pension Liability | 4,516,630 | 4,621,862 | 110,503 | 6,522,937 | 4,853,586 | 1,290,546 | 7,267,914 |
| Total Pension Liability - Beginning | 61,501,211 | 56,879,349 | 56,768,846 | 50,245,909 | 45,392,323 | 44,101,777 | 36,833,863 |
| Total Pension Liability - Ending (a) | 66,017,841 | 61,501,211 | 56,879,349 | 56,768,846 | 50,245,909 | 45,392,323 | 44,101,777 |
| Plan Fiduciary Net Position | | | | | | | |
| Contributions - Employer | 2,699,402 | 3,766,423 | 2,966,928 | 2,338,318 | 2,253,104 | 1,546,439 | 1,452,150 |
| Contributions - Employee | 473,865 | 484,989 | 470,921 | 657,879 | 628,285 | 575,092 | 510,116 |
| Net Investment Income | 386,874 | 1,471,155 | 1,866,236 | 2,415,000 | 116,400 | 721,120 | 2,435,938 |
| Benefit Payments, Including Refunds of Employee Contributions | (2,773,356) | (2,841,282) | (2,997,196) | (2,255,936) | (2,753,000) | (2,967,977) | (2,301,260) |
| Hall/Parker Settlement | - | - | (877,085) | - | - | - | - |
| Administrative Expenses | (31,556) | (26,587) | (29,104) | (21,769) | (17,149) | (17,967) | - |
| Other Changes | - | (1,934) | 274 | (31,332) | 162,933 | 3,818 | (1,110,206) |
| Net Change in Plan Fiduciary Net Position | 755,229 | 2,852,764 | 1,400,974 | 3,102,160 | 390,573 | (139,475) | 986,738 |
| Plan Fiduciary Net Position - Beginning | 27,558,947 | 24,706,183 | 23,305,209 | 20,203,049 | 19,812,476 | 19,951,951 | 18,965,213 |
| Plan Fiduciary Net Position - Ending (b) | 28,314,176 | 27,558,947 | 24,706,183 | 23,305,209 | 20,203,049 | 19,812,476 | 19,951,951 |
| City's Net Pension Liability (Asset) - Ending (a) - (b) | <u>\$ 37,703,665</u> | <u>\$ 33,942,264</u> | <u>\$ 32,173,166</u> | <u>\$ 33,463,637</u> | <u>\$ 30,042,860</u> | <u>\$ 25,579,847</u> | <u>\$ 24,149,826</u> |

| | Reporting Fiscal Year (Measurement Date) | | | | | | |
|--|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 42.89% | 44.81% | 43.44% | 41.05% | 40.21% | 43.65% | 45.24% |
| Covered Payroll | \$ 6,182,281 | \$ 5,905,879 | \$ 5,721,646 | \$ 5,876,745 | \$ 5,533,617 | \$ 5,162,923 | \$ 5,018,226 |
| City's Net Pension Liability (Asset) as a Percentage of Covered Payroll | 609.87% | 574.72% | 562.31% | 569.42% | 542.92% | 495.45% | 481.24% |

Note: The City implemented GASB Statement No. 68 for fiscal year ended June 30, 2015. Information prior to fiscal year 2015 is not available.

See accompanying Notes to Required Supplementary Information.

**LAKE HAVASU CITY, ARIZONA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

NOTE 1 ACTUARIALLY DETERMINED CONTRIBUTION RATES

Actuarial determined contribution rates for PSPRS are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

| | |
|---|---|
| Actuarial Cost Method | Entry age normal |
| Amortization Level | Level percent-of-pay, closed |
| Remaining Amortization Period as of the 2016 Actuarial Valuation | 20 years |
| Asset Valuation Method | 7-year smoothed market value; 80%/120% market corridor |
| Actuarial Assumptions: | |
| Investment Rate of Return | In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. |
| Projected Salary Increases | In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.5%-7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5%. |
| Wage Growth | In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%. |
| Retirement Age | Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006-June 30, 2011. |
| Mortality | In the 2017 actuarial valuation, change to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females |

NOTE 2 INFORMATION PRIOR TO MEASUREMENT DATE

Information prior to the measurement date (June 30, 2014) was not available. GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27, requires the City to present ten years of pension information as required supplementary information. However, until a full ten years of trend data is compiled, the City will present information for only those years for which information is available.

LAKE HAVASU CITY, ARIZONA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

NOTE 3 FACTORS THAT AFFECT THE IDENTIFICATION OF TRENDS

Arizona Courts have ruled that provisions of a 2011 law that changed the funding mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates.

These changes are reflected in the plan's pension liability for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS-required contributions beginning in fiscal year 2018 for members who retired or will retire after the law's effective date.

Also, the City refunded excess employee contributions to PSPRS members. PSPRS allowed the City to reduce its actual employer contributions for the refund amounts. As a result, the City's pension contributions were less than the actuarially or statutorily determined contributions for 2018.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



**NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE AND CAPITAL PROJECT FUNDS**

Metropolitan Planning Organization Fund (MPO) - This fund was established to account for funding derived from the area's status as a designated Metropolitan Planning Organization (MPO).

Grants Fund – To account for the activity of the miscellaneous federal and state grants.

Improvement Districts Fund – To account for the maintenance and improvements to Improvement District No. 2, the London Bridge shopping area and Improvement District No. 4 for the gas lights, utility service, and median center for the lower McCulloch Boulevard Business District. Financing is provided to all districts through the assessment of property taxes.

Special Programs Fund – To account for the activity of various City programs funded with program-generated revenues and outside agency contributions.

Capital Projects Fund - This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

**LAKE HAVASU CITY, ARIZONA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

| | Special Revenue | | |
|------------------------------------|--|-------------------|--------------------------|
| | Metropolitan Planning Organization | Grants | Improvement Districts |
| Assets | | | |
| Cash and Investments | \$ - | \$ - | \$ 26,035 |
| Restricted Cash | - | - | - |
| Receivables | | | |
| Accounts Receivable | - | - | - |
| Taxes Receivable | - | - | 75 |
| Intergovernmental Receivable | 63,991 | 189,689 | 2,672 |
| Interest Receivable | - | - | 21 |
| Total Assets | <u>\$ 63,991</u> | <u>\$ 189,689</u> | <u>\$ 28,803</u> |
| Liabilities and Fund Balance | | | |
| Liabilities | | | |
| Accounts Payable | \$ - | \$ 2,685 | \$ 1,241 |
| Accrued Wages and Benefits | 10,180 | 5,112 | - |
| Due to Other Funds | 53,811 | 146,014 | - |
| Unearned Revenue | - | 35,878 | - |
| Total Liabilities | <u>63,991</u> | <u>189,689</u> | <u>1,241</u> |
| Fund Balances | | | |
| Restricted | - | - | 27,562 |
| Assigned | - | - | - |
| Total Fund Balance | <u>-</u> | <u>-</u> | <u>27,562</u> |
| Total Liabilities and Fund Balance | <u>\$ 63,991</u> | <u>\$ 189,689</u> | <u>\$ 28,803</u> |

| <u>Special Revenue</u> | <u>Capital Projects</u> | |
|------------------------|-------------------------|-----------------------------------|
| Special Programs | Capital Projects | Total Nonmajor Governmental Funds |
| \$ 803,332 | \$ 4,714,017 | \$ 5,543,384 |
| 106,030 | - | 106,030 |
| 10,112 | - | 10,112 |
| - | - | 75 |
| - | - | 256,352 |
| 644 | 984 | 1,649 |
| <u>\$ 920,118</u> | <u>\$ 4,715,001</u> | <u>\$ 5,917,602</u> |

| | | |
|-------------------|---------------------|---------------------|
| \$ 18,535 | \$ 517,073 | \$ 539,534 |
| 2,612 | - | 17,904 |
| - | - | 199,825 |
| - | - | 35,878 |
| <u>21,147</u> | <u>517,073</u> | <u>793,141</u> |
| 624,743 | - | 652,305 |
| 274,228 | 4,197,928 | 4,472,156 |
| <u>898,971</u> | <u>4,197,928</u> | <u>5,124,461</u> |
| <u>\$ 920,118</u> | <u>\$ 4,715,001</u> | <u>\$ 5,917,602</u> |

LAKE HAVASU CITY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

| | Special Revenue | | |
|---|--|------------------|--------------------------|
| | Metropolitan Planning Organization | Grants | Improvement Districts |
| Revenue | | | |
| Taxes | | | |
| Property Taxes | \$ - | \$ - | \$ 73,418 |
| Intergovernmental Revenue | 282,409 | 1,366,947 | - |
| Fines and Forfeitures | - | - | - |
| Investment Earnings | - | - | 534 |
| Other | 6,947 | 5,499 | - |
| Total Revenue | <u>289,356</u> | <u>1,372,446</u> | <u>73,952</u> |
| Expenditures | | | |
| Current | | | |
| General Government | - | 678,427 | 76,027 |
| Public Safety | - | 694,019 | - |
| Transportation Services | 289,356 | - | - |
| Capital Outlay | - | - | - |
| Total Expenditures | <u>289,356</u> | <u>1,372,446</u> | <u>76,027</u> |
| Excess (Deficiency) of Revenue Over Expenditures | - | - | (2,075) |
| Other Financing Sources (Uses) | | | |
| Transfers In | - | - | - |
| Transfers Out | - | - | - |
| Proceeds from Capital Lease | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | - | - | (2,075) |
| Fund Balance | | | |
| Beginning of Year | - | - | 29,637 |
| End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 27,562</u> |

| <u>Special Revenue</u> | <u>Capital Projects</u> | |
|------------------------|-------------------------|-----------------------------------|
| Special Programs | Capital Projects | Total Nonmajor Governmental Funds |
| \$ - | \$ - | \$ 73,418 |
| 280,124 | - | 1,929,480 |
| 72,327 | - | 72,327 |
| 1,747 | 1,653 | 3,934 |
| 31,576 | 344,886 | 388,908 |
| <u>385,774</u> | <u>346,539</u> | <u>2,468,067</u> |
| - | - | 754,454 |
| 292,827 | - | 986,846 |
| - | - | 289,356 |
| - | 3,855,123 | 3,855,123 |
| <u>292,827</u> | <u>3,855,123</u> | <u>5,885,779</u> |
| 92,947 | (3,508,584) | (3,417,712) |
| - | 3,485,813 | 3,485,813 |
| (8,744) | - | (8,744) |
| - | 1,000,000 | 1,000,000 |
| <u>(8,744)</u> | <u>4,485,813</u> | <u>4,477,069</u> |
| 84,203 | 977,229 | 1,059,357 |
| 814,768 | 3,220,699 | 4,065,104 |
| <u>\$ 898,971</u> | <u>\$ 4,197,928</u> | <u>\$ 5,124,461</u> |

**LAKE HAVASU CITY, ARIZONA
GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

| | <u>Budgeted Amounts</u> | | Variance with Final Budget |
|---|--------------------------------------|------------------|-------------------------------|
| | <u>Original and Final Budget</u> | <u>Actual</u> | |
| Revenue | | | |
| Intergovernmental Revenue | \$ 4,357,002 | \$ 1,366,947 | \$ (2,990,055) |
| Other | - | 5,499 | 5,499 |
| Total Revenue | <u>4,357,002</u> | <u>1,372,446</u> | <u>(2,984,556)</u> |
| Expenditures | | | |
| Current | | | |
| General Government | 3,076,672 | 678,427 | 2,398,245 |
| Public Safety | 1,280,330 | 694,019 | 586,311 |
| Total Expenditures | <u>4,357,002</u> | <u>1,372,446</u> | <u>2,984,556</u> |
| Excess (Deficiency) of Revenue Over Expenditures | - | - | - |
| Fund Balance | | | |
| Beginning of Year | - | - | - |
| End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**LAKE HAVASU CITY, ARIZONA
IMPROVEMENT DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

| | <u>Budgeted Amounts</u> | | <u>Variance with Final Budget</u> |
|---|--------------------------------------|------------------|---------------------------------------|
| | <u>Original and Final Budget</u> | <u>Actual</u> | |
| Revenue | | | |
| Taxes | | | |
| Property Taxes | \$ 75,983 | \$ 73,418 | \$ (2,565) |
| Investment Earnings | 326 | 534 | 208 |
| Total Revenue | <u>76,309</u> | <u>73,952</u> | <u>(2,357)</u> |
| Expenditures | | | |
| Current | | | |
| General Government | 76,410 | 76,027 | 383 |
| Total Expenditures | <u>76,410</u> | <u>76,027</u> | <u>383</u> |
| Excess (Deficiency) of Revenue Over Expenditures | (101) | (2,075) | (1,974) |
| Fund Balance | | | |
| Beginning of Year | 29,185 | 29,637 | 452 |
| End of Year | <u>\$ 29,084</u> | <u>\$ 27,562</u> | <u>\$ (1,522)</u> |

**LAKE HAVASU CITY, ARIZONA
SPECIAL PROGRAMS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

| | <u>Budgeted Amounts</u> Original and Final Budget | Actual | Variance with Final Budget |
|---|---|-------------------|-------------------------------|
| Revenue | | | |
| Intergovernmental Revenue | \$ 469,400 | \$ 280,124 | \$ (189,276) |
| Fines and Forfeitures | 211,550 | 72,327 | (139,223) |
| Investment Earnings | 6,755 | 1,747 | (5,008) |
| Other | 3,920 | 31,576 | 27,656 |
| Total Revenue | <u>691,625</u> | <u>385,774</u> | <u>(305,851)</u> |
| Expenditures | | | |
| Current | | | |
| General Government | 20,000 | - | 20,000 |
| Public Safety | <u>522,157</u> | <u>292,827</u> | <u>229,330</u> |
| Total Expenditures | <u>542,157</u> | <u>292,827</u> | <u>249,330</u> |
| Excess (Deficiency) of Revenue Over Expenditures | 149,468 | 92,947 | (56,521) |
| Other Financing Sources (Uses) | | | |
| Transfers Out | <u>(33,750)</u> | <u>(8,744)</u> | <u>25,006</u> |
| Net Change in Fund Balance | 115,718 | 84,203 | (31,515) |
| Fund Balance | | | |
| Beginning of Year | 821,692 | 814,768 | (6,924) |
| End of Year | <u>\$ 937,410</u> | <u>\$ 898,971</u> | <u>\$ (38,439)</u> |

**LAKE HAVASU CITY, ARIZONA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|---------------------|---------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenue | | | | |
| Investment Earnings | \$ 15,400 | \$ 15,400 | \$ 1,653 | \$ (13,747) |
| Other | - | - | 344,886 | 344,886 |
| Total Revenue | <u>15,400</u> | <u>15,400</u> | <u>346,539</u> | <u>331,139</u> |
| Expenditures | | | | |
| Capital Outlay | 450,298 | 4,010,432 | 3,855,123 | 155,309 |
| Total Expenditures | <u>450,298</u> | <u>4,010,432</u> | <u>3,855,123</u> | <u>155,309</u> |
| Excess (Deficiency) of Revenue Over Expenditures | (434,898) | (3,995,032) | (3,508,584) | 486,448 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 450,298 | 4,010,432 | 3,485,813 | (524,619) |
| Issuance of Long-Term Debt | - | - | 1,000,000 | 1,000,000 |
| Total Other Financing Sources (Uses) | <u>450,298</u> | <u>4,010,432</u> | <u>4,485,813</u> | <u>475,381</u> |
| Net Change in Fund Balance | 15,400 | 15,400 | 977,229 | 961,829 |
| Fund Balance | | | | |
| Beginning of Year | 2,873,867 | 2,873,867 | 3,220,699 | 346,832 |
| End of Year | <u>\$ 2,889,267</u> | <u>\$ 2,889,267</u> | <u>\$ 4,197,928</u> | <u>\$ 1,308,661</u> |



STATISTICAL SECTION

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LAKE HAVASU CITY, ARIZONA STATISTICAL SECTION

This part of the Lake Havasu City, Arizona's, Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity – These schedules contain information to help readers assess the City's most significant local revenue source, the sales tax.

Debt Capacity – These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**LAKE HAVASU CITY, ARIZONA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

| | Fiscal Year | | | |
|---|-----------------------|---------------------------|-----------------------|-----------------------|
| | 2012 (As Restated) | 2013 (1) (As Restated) | 2014 | 2015 (2) |
| Governmental Activities | | | | |
| Net Investment in Capital Assets | \$ 87,049,507 | \$ 87,401,644 | \$ 87,718,006 | \$ 86,704,197 |
| Net Position-Restricted | 8,223,996 | 8,485,744 | 8,971,642 | 9,629,813 |
| Net Position-Unrestricted | 24,258,422 | 24,692,309 | 25,319,806 | (30,958,540) |
| Total Governmental Activities Net Position | <u>\$ 119,531,925</u> | <u>\$ 120,579,697</u> | <u>\$ 122,009,454</u> | <u>\$ 65,375,470</u> |
| Business-type Activities | | | | |
| Net Investment in Capital Assets | \$ 111,325,222 | \$ 112,402,345 | \$ 112,968,345 | \$ 114,768,401 |
| Net Position-Restricted | - | - | - | - |
| Net Position-Unrestricted | 96,661,045 | 92,463,831 | 92,849,079 | 83,956,728 |
| Total Business-Type Activities Net Position | <u>\$ 207,986,267</u> | <u>\$ 204,866,176</u> | <u>\$ 205,817,424</u> | <u>\$ 198,725,129</u> |
| Primary Government | | | | |
| Net Investment in Capital Assets | \$ 198,374,729 | \$ 199,803,989 | \$ 200,686,351 | \$ 201,472,598 |
| Net Position-Restricted | 8,223,996 | 8,485,744 | 8,971,642 | 9,629,813 |
| Net Position-Unrestricted | 120,919,467 | 117,156,140 | 118,168,885 | 52,998,188 |
| Total Primary Government Net Position | <u>\$ 327,518,192</u> | <u>\$ 325,445,873</u> | <u>\$ 327,826,878</u> | <u>\$ 264,100,599</u> |

- (1) Government Accounting Standards Board (GASB) Statement 63 was implemented by the City in fiscal year ended June 30, 2013. Net position was reported as net assets prior to GASB 63 implementation.
- (2) Government Accounting Standards Board (GASB) Statement 68 was implemented by the City in fiscal year ended June 30, 2015. As a result Beginning Net Position was restated and reduced Net Position by \$55,501,937.
- (3) Government Accounting Standards Board (GASB) Statement 75 was implemented by the City in fiscal year ended June 30, 2018. As a result Beginning Net Position was restated and reduced Net Position by \$8,453,182.

Source: Lake Havasu City, Arizona's Administrative Services Department.

| Fiscal Year | | | | | |
|-----------------------|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2016 | 2017 (3) (As Restated) | 2018 | 2019 | 2020 | 2021 |
| \$ 88,095,353 | \$ 88,995,496 | \$ 85,407,317 | \$ 99,783,955 | \$ 103,999,904 | \$ 103,715,303 |
| 3,703,586 | 4,798,406 | 5,990,275 | 4,587,301 | 7,961,989 | 9,704,368 |
| (31,635,385) | (47,404,855) | (46,342,804) | (45,275,653) | (46,482,104) | (28,064,741) |
| <u>\$ 60,163,554</u> | <u>\$ 46,389,047</u> | <u>\$ 45,054,788</u> | <u>\$ 59,095,603</u> | <u>\$ 65,479,789</u> | <u>\$ 85,354,930</u> |
| \$ 137,877,796 | \$ 139,060,241 | \$ 140,976,250 | \$ 134,618,689 | \$ 134,988,785 | \$ 131,836,295 |
| - | - | 20,929 | 13,207 | 9,984 | 8,684,191 |
| 66,001,694 | 66,595,391 | 68,758,191 | 73,866,305 | 76,661,116 | 81,724,669 |
| <u>\$ 203,879,490</u> | <u>\$ 205,655,632</u> | <u>\$ 209,755,370</u> | <u>\$ 208,498,201</u> | <u>\$ 211,659,885</u> | <u>\$ 222,245,155</u> |
| \$ 225,973,149 | \$ 228,055,737 | \$ 226,383,567 | \$ 234,402,644 | \$ 238,988,689 | \$ 235,551,598 |
| 3,703,586 | 4,798,406 | 6,011,204 | 4,600,508 | 7,971,973 | 18,388,559 |
| 34,366,309 | 19,190,536 | 22,415,387 | 28,590,652 | 30,179,012 | 53,659,928 |
| <u>\$ 264,043,044</u> | <u>\$ 252,044,679</u> | <u>\$ 254,810,158</u> | <u>\$ 267,593,804</u> | <u>\$ 277,139,674</u> | <u>\$ 307,600,085</u> |

**LAKE HAVASU CITY, ARIZONA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

| | Fiscal Year | | | |
|---|-----------------------|-----------------------|----------------------|-----------------------|
| | 2012 (As Restated) | 2013 (As Restated) | 2014 | 2015 |
| Expenses | | | | |
| Governmental Activities: | | | | |
| General Government | \$ 8,476,893 | \$ 10,853,502 | \$ 12,152,114 | \$ 13,730,439 |
| Public Safety | 21,686,997 | 24,589,053 | 25,670,858 | 29,639,702 |
| Highways and Streets | 6,233,637 | 6,489,355 | 6,844,661 | 7,581,803 |
| Transportation Services | 1,879,024 | 2,084,097 | 1,602,639 | 590,799 |
| Tourism and Promotion | 1,496,816 | 1,485,300 | 1,651,955 | 1,614,399 |
| Culture and Recreation | 4,073,659 | 1,818,542 | 1,860,313 | 2,069,458 |
| Interest on Long-Term Debt | 99,411 | 92,090 | 85,885 | 79,518 |
| Total Governmental Activities | <u>43,946,437</u> | <u>47,411,939</u> | <u>49,868,425</u> | <u>55,306,118</u> |
| Business-Type Activities: | | | | |
| Refuse | 5,410,612 | 5,368,384 | 5,267,207 | 5,376,827 |
| Recreation / Aquatic Center | 1,246,005 | 1,329,378 | 1,518,700 | 1,675,056 |
| Irrigation and Drainage | 10,044,185 | 9,845,794 | 10,173,601 | 9,961,106 |
| Wastewater | 25,793,737 | 27,266,517 | 26,965,114 | 26,687,095 |
| Airport | 1,364,933 | 1,332,327 | 1,358,396 | 1,361,177 |
| Total Business-Type Activities | <u>43,859,472</u> | <u>45,142,400</u> | <u>45,283,018</u> | <u>45,061,261</u> |
| Total Primary Government Expenses | <u>\$ 87,805,909</u> | <u>\$ 92,554,339</u> | <u>\$ 95,151,443</u> | <u>\$ 100,367,379</u> |
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Fines, Fees and Charges for Services: | | | | |
| General Government | \$ 2,496,454 | \$ 3,069,608 | \$ 3,274,126 | \$ 3,820,613 |
| Public Safety | 107,777 | 534,871 | 422,645 | 264,639 |
| Highways and Streets | 21,023 | 189,775 | 26,621 | 9,897 |
| Culture and Recreation | 565,388 | 597,730 | 613,049 | 717,178 |
| Transportation Services | 119,262 | 106,528 | 100,508 | 10,507 |
| Interest | 2,086 | - | - | - |
| Operating Grants and Contributions | 6,522,104 | 6,837,670 | 6,419,567 | 6,486,534 |
| Capital Grants and Contributions | 1,525,462 | 2,930,409 | 2,263,972 | 1,501,131 |
| Total Governmental Activities | | | | |
| Program Revenues | <u>11,359,556</u> | <u>14,266,591</u> | <u>13,120,488</u> | <u>12,810,499</u> |
| Business-type Activities: | | | | |
| Charges for Services: | | | | |
| Refuse | 5,589,465 | 5,725,669 | 5,645,063 | 5,762,381 |
| Recreation / Aquatic Center | 388,600 | 372,160 | 373,728 | 424,825 |
| Irrigation and Drainage | 10,792,533 | 10,490,751 | 10,586,519 | 10,320,272 |
| Wastewater | 21,865,171 | 22,047,663 | 22,408,732 | 22,529,002 |
| Airport | 510,311 | 492,185 | 490,596 | 487,182 |
| Operating Grants and Contributions | 88,717 | 51,853 | 112,131 | 96,035 |
| Capital Grants and Contributions | 3,161,306 | 2,159,379 | 3,103,082 | 629,838 |
| Total Business-Type Activities | | | | |
| Program Revenues | <u>42,396,103</u> | <u>41,339,660</u> | <u>42,719,851</u> | <u>40,249,535</u> |
| Total Primary Government Program Revenues | <u>\$ 53,755,659</u> | <u>\$ 55,606,251</u> | <u>\$ 55,840,339</u> | <u>\$ 53,060,034</u> |

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| \$ 16,565,010 | \$ 16,508,917 | \$ 15,966,111 | \$ 16,231,859 | \$ 16,402,595 | \$ 15,174,305 |
| 27,851,569 | 35,730,398 | 32,534,876 | 31,099,502 | 32,192,767 | 33,965,247 |
| 5,954,241 | 6,527,976 | 5,986,275 | 5,506,988 | 5,656,106 | 6,277,283 |
| 3,524,708 | 3,211,372 | 3,394,900 | 3,119,629 | 5,734,866 | 5,843,346 |
| 1,866,653 | 2,011,849 | 2,263,539 | 2,438,028 | 2,405,167 | 2,867,170 |
| 796,465 | 649,522 | 723,931 | 644,651 | 642,960 | 906,453 |
| 71,419 | 336,191 | 377,281 | 156,484 | 11,765 | 19,396 |
| <u>56,630,065</u> | <u>64,976,225</u> | <u>61,246,913</u> | <u>59,197,141</u> | <u>63,046,226</u> | <u>65,053,200</u> |
| 5,462,233 | 5,579,670 | 5,824,942 | 6,397,111 | 6,722,388 | 6,871,359 |
| - | - | - | - | - | - |
| 10,695,127 | 10,873,128 | 12,388,033 | 11,471,349 | 13,441,560 | 12,715,389 |
| 28,630,254 | 26,012,366 | 25,175,765 | 26,016,553 | 26,483,548 | 25,493,376 |
| 1,401,684 | 1,425,314 | 1,558,591 | 1,875,148 | 1,927,072 | 1,614,475 |
| <u>46,189,298</u> | <u>43,890,478</u> | <u>44,947,331</u> | <u>45,760,161</u> | <u>48,574,568</u> | <u>46,694,599</u> |
| <u>\$ 102,819,363</u> | <u>\$ 108,866,703</u> | <u>\$ 106,194,244</u> | <u>\$ 104,957,302</u> | <u>\$ 111,620,794</u> | <u>\$ 111,747,799</u> |
| | | | | | |
| \$ 3,632,889 | \$ 3,824,870 | \$ 4,109,375 | \$ 4,192,315 | \$ 2,728,789 | \$ 4,885,904 |
| 413,385 | 306,598 | 394,571 | 355,788 | 1,632,331 | 252,069 |
| 56,878 | 4,586 | 14,847 | 10,789 | - | - |
| 959,528 | 994,556 | 954,783 | 1,003,937 | 652,479 | 532,709 |
| 11,193 | 11,440 | 17,094 | 18,583 | 13,734 | 7,598 |
| - | - | - | - | - | - |
| 7,398,931 | 7,634,226 | 7,163,483 | 7,539,313 | 7,392,366 | 15,056,265 |
| 1,500 | 13,750 | 223,288 | - | 1,637,186 | 403,143 |
| <u>12,474,304</u> | <u>12,790,026</u> | <u>12,877,441</u> | <u>13,120,725</u> | <u>14,056,885</u> | <u>21,137,688</u> |
| 5,900,766 | 6,032,980 | 6,451,980 | 6,830,556 | 6,726,489 | 7,089,572 |
| - | - | - | - | - | - |
| 10,690,585 | 10,694,299 | 11,941,916 | 10,849,791 | 11,020,390 | 12,356,158 |
| 22,592,658 | 22,619,965 | 22,334,847 | 23,014,325 | 22,978,761 | 24,253,123 |
| 496,145 | 502,238 | 515,049 | 504,332 | 530,108 | 570,892 |
| 111,029 | 46,241 | - | - | 88,712 | - |
| <u>2,394,886</u> | <u>3,981,141</u> | <u>3,703,711</u> | <u>3,133,115</u> | <u>3,588,771</u> | <u>3,714,417</u> |
| 42,186,069 | 43,876,864 | 44,947,503 | 44,332,119 | 44,933,231 | 47,984,162 |
| <u>\$ 54,660,373</u> | <u>\$ 56,666,890</u> | <u>\$ 57,824,944</u> | <u>\$ 57,452,844</u> | <u>\$ 58,990,116</u> | <u>\$ 69,121,850</u> |

**LAKE HAVASU CITY, ARIZONA
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

| | Fiscal Year | | | |
|--------------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2012 (As Restated) | 2013 (As Restated) | 2014 | 2015 |
| Net (Expense)/Revenue | | | | |
| Governmental Activities | \$ (32,586,881) | \$ (33,145,348) | \$ (36,747,937) | \$ (42,495,619) |
| Business-Type Activities | (1,463,369) | (3,802,740) | (2,563,167) | (4,811,726) |
| Total Primary Government Net Expense | <u>\$ (34,050,250)</u> | <u>\$ (36,948,088)</u> | <u>\$ (39,311,104)</u> | <u>\$ (47,307,345)</u> |
| General Revenues and Other | | | | |
| Governmental Activities: | | | | |
| Taxes: | | | | |
| Sales Taxes | \$ 14,400,439 | \$ 14,157,677 | \$ 15,185,171 | \$ 18,442,101 |
| Property Taxes | 4,150,569 | 4,194,202 | 4,231,510 | 4,237,577 |
| Franchise Taxes | 1,684,173 | 1,705,943 | 1,795,899 | 2,300,347 |
| State Revenue Sharing | 4,433,318 | 5,365,520 | 5,854,801 | 6,358,718 |
| State Sales Tax Revenue Sharing | 4,104,475 | 4,299,431 | 4,572,096 | 4,800,376 |
| Auto Lieu Tax Revenue Sharing | 2,451,516 | 2,423,003 | 2,506,953 | 2,666,247 |
| Investment Earnings (Loss) | (81,420) | 400,393 | 439,967 | 355,158 |
| Other | 119,074 | 47,499 | 114,948 | 58,081 |
| Transfers | 1,252,589 | 1,599,452 | 3,476,349 | 1,448,372 |
| Total Governmental Activities | <u>32,514,733</u> | <u>34,193,120</u> | <u>38,177,694</u> | <u>40,666,977</u> |
| Business-Type activities: | | | | |
| Sales Taxes | - | - | - | - |
| Property Taxes | 5,703,105 | 5,675,383 | 5,953,459 | 5,392,116 |
| Investment Earnings (Loss) | 256,774 | 669,737 | 1,037,304 | 772,282 |
| Other | - | - | - | - |
| Transfers | (1,252,589) | (1,599,452) | (3,476,349) | (1,448,372) |
| Total Business-Type Activities | <u>4,707,290</u> | <u>4,745,668</u> | <u>3,514,414</u> | <u>4,716,026</u> |
| Total Primary Government | <u>\$ 37,222,023</u> | <u>\$ 38,938,788</u> | <u>\$ 41,692,108</u> | <u>\$ 45,383,003</u> |
| Change in Net Position | | | | |
| Governmental Activities | \$ (72,148) | \$ 1,047,772 | \$ 1,429,757 | \$ (1,828,642) |
| Business-type Activities | 3,243,921 | 942,928 | 951,248 | (95,700) |
| Total Primary Government | <u>\$ 3,171,773</u> | <u>\$ 1,990,700</u> | <u>\$ 2,381,005</u> | <u>\$ (1,924,342)</u> |

| Fiscal Year | | | | | |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| \$ (44,155,761) | \$ (52,186,199) | \$ (48,369,472) | \$ (46,076,416) | \$ (48,989,341) | \$ (43,915,512) |
| (4,003,229) | (13,614) | 172 | (1,428,042) | (3,641,337) | 1,289,563 |
| <u>\$ (48,158,990)</u> | <u>\$ (52,199,813)</u> | <u>\$ (48,369,300)</u> | <u>\$ (47,504,458)</u> | <u>\$ (52,630,678)</u> | <u>\$ (42,625,949)</u> |
| | | | | | |
| \$ 20,205,820 | \$ 21,750,919 | \$ 23,510,466 | \$ 25,600,426 | \$ 28,509,382 | \$ 35,735,174 |
| 4,378,580 | 4,404,669 | 4,509,789 | 4,738,836 | 5,034,301 | 5,301,635 |
| 1,971,867 | 2,017,919 | 1,915,660 | 1,920,789 | 1,899,083 | 2,073,506 |
| 6,324,244 | 6,551,824 | 6,656,582 | 6,589,165 | 7,123,935 | 7,983,889 |
| 4,961,508 | 4,903,171 | 5,167,905 | 5,478,702 | 5,696,977 | 6,627,439 |
| 2,871,694 | 3,114,874 | 3,403,444 | 3,614,782 | 3,638,920 | 4,658,251 |
| 567,614 | 115,537 | 158,966 | 1,213,816 | 1,273,380 | 116,967 |
| 21,866 | - | - | 337,401 | 631,097 | 823,176 |
| (5,800,353) | 2,043,948 | 1,712,401 | 8,550,633 | 1,566,452 | 470,616 |
| <u>35,502,840</u> | <u>44,902,861</u> | <u>47,035,213</u> | <u>58,044,550</u> | <u>55,373,527</u> | <u>63,790,653</u> |
| | | | | | |
| - | - | 7,918 | 20,545 | 22,675 | 14,427 |
| 5,726,275 | 5,701,272 | 5,702,082 | 5,693,531 | 5,694,267 | 5,701,311 |
| 1,071,967 | 94,445 | 101,967 | 2,736,835 | 2,507,455 | 252,465 |
| - | - | - | 270,595 | 145,076 | 172,926 |
| 5,800,353 | (2,043,948) | (1,712,401) | (8,550,633) | (1,566,452) | (470,616) |
| <u>12,598,595</u> | <u>3,751,769</u> | <u>4,099,566</u> | <u>170,873</u> | <u>6,803,021</u> | <u>5,670,513</u> |
| <u>\$ 48,101,435</u> | <u>\$ 48,654,630</u> | <u>\$ 51,134,779</u> | <u>\$ 58,215,423</u> | <u>\$ 62,176,548</u> | <u>\$ 69,461,166</u> |
| | | | | | |
| \$ (8,652,921) | \$ (7,283,338) | \$ (1,334,259) | \$ 11,968,134 | \$ 6,384,186 | \$ 19,875,141 |
| 8,595,366 | 3,738,155 | 4,099,738 | (1,257,169) | 3,161,684 | 6,960,076 |
| <u>\$ (57,555)</u> | <u>\$ (3,545,183)</u> | <u>\$ 2,765,479</u> | <u>\$ 10,710,965</u> | <u>\$ 9,545,870</u> | <u>\$ 26,835,217</u> |

**LAKE HAVASU CITY, ARIZONA
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

| Function/Program | Fiscal Year | | | |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2012 | 2013 | 2014 | 2015 |
| Governmental Activities: | | | | |
| General Government | \$ 3,535,789 | \$ 3,995,491 | \$ 3,932,496 | \$ 4,574,380 |
| Public Safety | 941,184 | 1,538,204 | 1,045,352 | 902,861 |
| Highways and Streets | 5,084,235 | 7,081,241 | 6,490,956 | 6,223,620 |
| Culture and Recreation | 707,343 | 708,112 | 668,427 | 827,472 |
| Transportation Services | 1,088,919 | 943,543 | 983,257 | 282,166 |
| Interest on Long-Term Debt | 2,086 | - | - | - |
| Subtotal Governmental Activities | <u>11,359,556</u> | <u>14,266,591</u> | <u>13,120,488</u> | <u>12,810,499</u> |
| Business-Type Activities: | | | | |
| Refuse | 5,589,465 | 5,725,669 | 5,645,063 | 5,762,381 |
| Recreation/Aquatic Center | 388,600 | 372,160 | 373,728 | 424,825 |
| Irrigation and Drainage | 12,496,186 | 11,824,048 | 13,161,156 | 10,429,386 |
| Wastewater | 23,241,431 | 22,693,769 | 23,009,681 | 23,136,248 |
| Airport | 680,421 | 724,014 | 530,223 | 496,695 |
| Subtotal Business-Type Activities | <u>42,396,103</u> | <u>41,339,660</u> | <u>42,719,851</u> | <u>40,249,535</u> |
| Total Primary Government | <u>\$ 53,755,659</u> | <u>\$ 55,606,251</u> | <u>\$ 55,840,339</u> | <u>\$ 53,060,034</u> |

| | | Fiscal Year | | | | | | | | | |
|----|--------------------------|-------------|--------------------------|------|--------------------------|------|--------------------------|----|--------------------------|----|--------------------------|
| | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | | | | |
| \$ | 5,046,899 | \$ | 4,919,685 | \$ | 5,344,231 | \$ | 5,339,004 | \$ | 3,541,596 | \$ | 5,643,615 |
| | 1,066,458 | | 1,376,751 | | 1,040,186 | | 982,952 | | 2,297,655 | | 7,714,638 |
| | 4,772,852 | | 4,985,665 | | 5,110,258 | | 5,439,830 | | 7,003,845 | | 6,389,594 |
| | 1,085,432 | | 1,075,382 | | 984,594 | | 1,020,467 | | 753,999 | | 547,118 |
| | 502,663 | | 432,543 | | 398,172 | | 338,472 | | 459,790 | | 842,723 |
| | - | | - | | - | | - | | - | | - |
| | <u>12,474,304</u> | | <u>12,790,026</u> | | <u>12,877,441</u> | | <u>13,120,725</u> | | <u>14,056,885</u> | | <u>21,137,688</u> |
| | 5,900,766 | | 6,032,980 | | 6,451,980 | | 6,830,556 | | 6,726,489 | | 7,089,572 |
| | - | | - | | - | | - | | - | | - |
| | 12,529,606 | | 12,783,382 | | 13,967,644 | | 13,039,227 | | 13,449,583 | | 14,852,351 |
| | 23,259,010 | | 23,267,652 | | 23,128,673 | | 23,649,210 | | 23,680,221 | | 25,322,173 |
| | 496,687 | | 1,792,850 | | 1,399,206 | | 813,126 | | 1,076,938 | | 720,066 |
| | <u>42,186,069</u> | | <u>43,876,864</u> | | <u>44,947,503</u> | | <u>44,332,119</u> | | <u>44,933,231</u> | | <u>47,984,162</u> |
| \$ | <u><u>54,660,373</u></u> | \$ | <u><u>56,666,890</u></u> | \$ | <u><u>57,824,944</u></u> | \$ | <u><u>57,452,844</u></u> | \$ | <u><u>58,990,116</u></u> | \$ | <u><u>69,121,850</u></u> |

**LAKE HAVASU CITY, ARIZONA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

| | Fiscal Year | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2012 | 2013 | 2014 | 2015 |
| General Fund | | | | |
| Nonspendable | \$ 349,232 | \$ 280,021 | \$ 285,386 | \$ 244,483 |
| Restricted | 16,815 | 43,053 | 68,775 | 79,848 |
| Committed | 533,133 | 73,885 | 398,755 | 95,764 |
| Assigned | - | 1,705,874 | 2,122,957 | 1,413,446 |
| Unassigned | 14,476,034 | 17,920,187 | 23,222,099 | 25,280,515 |
| Total General Fund | <u>\$ 15,375,214</u> | <u>\$ 20,023,020</u> | <u>\$ 26,097,972</u> | <u>\$ 27,114,056</u> |
| | | | | |
| All Other Governmental Funds | | | | |
| Nonspendable | \$ 123,655 | \$ 126,163 | \$ 130,823 | \$ 128,761 |
| Restricted | 8,100,341 | 8,359,581 | 8,840,988 | 9,549,965 |
| Committed | 153,466 | 1,228,334 | 277,375 | 219,487 |
| Assigned | 3,028,968 | 2,010,336 | 2,531,132 | 2,659,010 |
| Total All Other Governmental Funds | <u>\$ 11,406,430</u> | <u>\$ 11,724,414</u> | <u>\$ 11,780,318</u> | <u>\$ 12,557,223</u> |

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| \$ 244,483 | \$ 227,087 | \$ 9,224,831 | \$ 374,462 | \$ 389,679 | \$ 476,244 |
| 79,848 | 108,473 | 140,783 | 200,369 | 211,712 | 115,718 |
| 95,764 | 58,712 | 28,614 | - | 452,553 | - |
| 1,413,446 | 7,468,453 | 2,680,187 | 4,049,451 | 2,143,468 | 923,434 |
| 25,280,515 | 31,008,000 | 27,377,087 | 34,519,442 | 37,243,172 | 57,871,982 |
| <u>\$ 27,114,056</u> | <u>\$ 38,870,725</u> | <u>\$ 39,451,502</u> | <u>\$ 39,143,724</u> | <u>\$ 40,440,584</u> | <u>\$ 59,387,378</u> |
| | | | | | |
| \$ 74,285 | \$ 74,255 | \$ 69,753 | \$ - | \$ - | \$ 80,950 |
| 3,602,063 | 4,689,933 | 5,455,777 | 4,044,645 | 7,350,685 | 8,948,638 |
| - | - | - | - | 138,784 | - |
| 3,212,360 | 1,202,633 | 1,269,128 | 767,047 | 3,278,511 | 4,472,156 |
| <u>\$ 6,888,708</u> | <u>\$ 5,966,821</u> | <u>\$ 6,794,658</u> | <u>\$ 4,811,692</u> | <u>\$ 10,767,980</u> | <u>\$ 13,501,744</u> |

LAKE HAVASU CITY, ARIZONA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | |
|---|-------------------|---------------------|---------------------|---------------------|
| | 2012 | 2013 | 2014 | 2015 |
| Revenues | | | | |
| Taxes | \$ 20,226,164 | \$ 20,058,886 | \$ 21,169,738 | \$ 25,075,151 |
| Intergovernmental | 18,727,568 | 21,694,328 | 21,368,041 | 21,639,174 |
| Fines and Forfeitures | 1,309,072 | 1,344,452 | 1,405,615 | 1,343,136 |
| Licenses and Permits | 1,072,635 | 1,434,927 | 1,645,593 | 1,850,142 |
| Charges for Services | 803,069 | 1,233,163 | 1,122,442 | 991,026 |
| Rents and Royalties | 64,824 | 88,445 | 89,409 | 106,506 |
| Contributions and Donations | 112,576 | 117,678 | 206,306 | 113,472 |
| Impact Fees | 137,207 | - | - | - |
| Special Assessments | 65,357 | - | - | - |
| Investment Earnings (Loss) | (53,402) | 346,455 | 347,167 | 331,702 |
| Other | 119,827 | 426,502 | 237,210 | 602,595 |
| Total Revenues | <u>42,584,897</u> | <u>46,744,836</u> | <u>47,591,521</u> | <u>52,052,904</u> |
| Expenditures | | | | |
| General Government | 9,806,857 | 10,971,201 | 11,552,268 | 13,842,743 |
| Public Safety | 20,867,623 | 23,587,259 | 27,492,419 | 25,466,301 |
| Highways and Streets | 4,522,249 | 4,721,183 | 5,130,647 | 5,331,664 |
| Culture and Recreation | 3,707,822 | 1,703,534 | 1,835,350 | 1,943,385 |
| Transportation Services | 1,649,359 | 1,570,998 | 1,427,796 | 479,373 |
| Tourism and Promotion | 1,496,155 | 1,484,639 | 1,651,955 | 1,628,426 |
| Capital Outlay | 2,288,782 | 3,278,455 | 3,638,147 | 259,668 |
| Debt Service | | | | |
| Principal Retirement | 200,000 | 145,000 | 150,000 | 160,000 |
| Interest on Long-Term Debt | 99,411 | 92,090 | 85,885 | 79,518 |
| Total Expenditures | <u>44,638,258</u> | <u>47,554,359</u> | <u>52,964,467</u> | <u>49,191,078</u> |
| Excess of Revenues Over (Under) | | | | |
| Expenditures | (2,053,361) | (809,523) | (5,372,946) | 2,861,826 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 4,160,552 | 6,837,490 | 10,589,871 | 3,443,746 |
| Transfers Out | (2,907,963) | (2,738,038) | (2,961,494) | (4,512,583) |
| Sale of Capital Assets | - | - | - | - |
| Issuance of Debt | 1,154,054 | 1,675,861 | 3,875,428 | - |
| Total Other Financing Sources (Uses) | <u>2,406,643</u> | <u>5,775,313</u> | <u>11,503,805</u> | <u>(1,068,837)</u> |
| Net Change in Fund Balance | <u>\$ 353,282</u> | <u>\$ 4,965,790</u> | <u>\$ 6,130,859</u> | <u>\$ 1,792,989</u> |
| Debt Service as a Percentage of Noncapital Expenditures | 0.7% | 0.5% | 0.5% | 0.5% |

| Fiscal Year | | | | | |
|-----------------------|---------------------|---------------------|-----------------------|---------------------|----------------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| \$ 26,556,267 | \$ 28,173,507 | \$ 29,935,915 | \$ 32,260,051 | \$ 35,442,766 | \$ 43,110,315 |
| 21,331,956 | 21,815,664 | 22,332,270 | 23,188,181 | 23,821,996 | 34,151,895 |
| 1,271,265 | 1,399,042 | 1,302,600 | 1,460,470 | 1,364,192 | 1,549,597 |
| 2,058,628 | 2,109,402 | 2,631,312 | 2,523,596 | 2,610,734 | 3,225,243 |
| 1,289,882 | 1,243,056 | 1,257,008 | 1,262,243 | 940,297 | 797,245 |
| 160,822 | 85,969 | 100,130 | 95,269 | 112,110 | 106,195 |
| 225,921 | 388,431 | 265,824 | 33,781 | 242,388 | 173,949 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 536,861 | 115,537 | 158,966 | 1,213,816 | 1,273,380 | 116,967 |
| 293,276 | 304,581 | 199,620 | 239,834 | 631,097 | 831,727 |
| <u>53,724,878</u> | <u>55,635,189</u> | <u>58,183,645</u> | <u>62,277,241</u> | <u>66,438,960</u> | <u>84,063,133</u> |
| 15,342,933 | 15,975,867 | 16,397,581 | 15,871,643 | 14,475,351 | 14,878,532 |
| 26,472,416 | 27,609,870 | 28,148,429 | 28,865,141 | 28,661,397 | 32,051,874 |
| 4,418,578 | 5,007,050 | 4,503,401 | 7,160,326 | 3,899,565 | 4,728,260 |
| 3,290,143 | 3,287,776 | 4,069,418 | 3,043,090 | 5,430,346 | 5,570,806 |
| 1,866,653 | 2,011,849 | 2,263,539 | 2,438,028 | 2,405,167 | 2,867,170 |
| 726,537 | 598,367 | 670,192 | 607,028 | 655,906 | 1,091,801 |
| 3,244,793 | 5,485,194 | 5,565,035 | 5,807,593 | 306,767 | 3,855,123 |
| 165,000 | 2,416,813 | 9,217,626 | 7,543,000 | 6,331,000 | 74,874 |
| 71,419 | 168,588 | 266,211 | 156,484 | 11,765 | 19,396 |
| <u>55,598,472</u> | <u>62,561,374</u> | <u>71,101,432</u> | <u>71,492,333</u> | <u>62,177,264</u> | <u>65,137,836</u> |
| (1,873,594) | (6,926,185) | (12,917,787) | (9,215,092) | 4,261,696 | 18,925,297 |
| 2,467,823 | 5,856,721 | 7,348,011 | 6,601,080 | 3,842,104 | 3,994,557 |
| (6,994,555) | (1,897,778) | (5,635,610) | (2,086,814) | (2,275,652) | (3,523,941) |
| - | - | - | 337,401 | - | - |
| 3,046,010 | 11,279,439 | 12,614,000 | - | - | 1,881,502 |
| <u>(1,480,722)</u> | <u>15,238,382</u> | <u>14,326,401</u> | <u>4,851,667</u> | <u>1,566,452</u> | <u>2,352,118</u> |
| <u>\$ (3,354,316)</u> | <u>\$ 8,312,197</u> | <u>\$ 1,408,614</u> | <u>\$ (4,363,425)</u> | <u>\$ 5,828,148</u> | <u>\$ 21,277,415</u> |
| 0.5% | 4.6% | 14.5% | 12.4% | 10.3% | 0.2% |



**LAKE HAVASU CITY, ARIZONA
GENERAL GOVERNMENT TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

| <u>Fiscal Year</u> | <u>Sales Taxes</u> | <u>Property Taxes</u> | <u>Franchise Taxes</u> | <u>Transient Occupancy Tax</u> | <u>Bar and Restaurant Tax</u> | <u>Total</u> |
|--------------------|--------------------|-----------------------|------------------------|--------------------------------|-------------------------------|---------------|
| 2012 | \$ 13,868,484 | \$ 4,141,509 | \$ 1,684,173 | \$ 637,377 | \$ 890,951 | \$ 21,222,494 |
| 2013 | 13,945,753 | 4,195,266 | 1,705,943 | 626,398 | 812,347 | 21,285,707 |
| 2014 | 15,060,996 | 4,188,668 | 1,795,899 | 701,073 | 950,882 | 22,697,518 |
| 2015 | 17,455,153 | 4,332,703 | 2,300,347 | 674,532 | 953,894 | 25,716,629 |
| 2016 | 18,339,166 | 4,378,581 | 1,971,867 | 769,672 | 1,096,982 | 26,556,268 |
| 2017 | 19,739,030 | 4,404,669 | 2,017,919 | 846,536 | 1,165,323 | 28,173,477 |
| 2018 | 21,024,525 | 4,509,788 | 1,915,660 | 965,208 | 1,307,809 | 29,722,991 |
| 2019 (1) | 22,901,113 | 4,663,797 | 1,920,789 | 1,112,282 | 1,362,260 | 31,960,241 |
| 2020 | 25,730,472 | 4,960,237 | 1,899,082 | 1,233,385 | 1,306,649 | 35,129,825 |
| 2021 | 31,176,796 | 5,228,217 | 2,089,919 | 2,350,334 | 1,872,610 | 42,717,876 |
| Change, 2012-2021 | 124.8% | 26.2% | 24.1% | 268.8% | 110.2% | 101.3% |

Source: Lake Havasu City Arizona's Administrative Services Department.

Years 2010 - 2015 were adjusted to include Sales Tax paid in Development Agreements.

(1) 2019 Revenue Recognition change resulting in 13 months recorded for Sales Tax, Transient Occupancy Tax, and Bar and Restaurant Tax.

**LAKE HAVASU CITY, ARIZONA
TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS**

| Sales Category | Fiscal Year | | | |
|-------------------------------|-----------------------|-----------------------|---------------------------------|-----------------------|
| | 2012 | 2013 | 2014 Restated ⁽²⁾ | 2015 |
| Mining | \$ 947,593 | \$ 1,114,700 | \$ 1,112,000 | \$ 1,539,450 |
| Communications & Utilities | 43,354,901 | 32,645,950 | 42,705,200 | 41,628,700 |
| Transportation & Warehousing | 287,021 | 425,100 | 660,650 | 407,250 |
| Construction | 60,465,951 | 69,294,750 | 81,212,300 | 81,495,650 |
| Manufacturing | 25,536,642 | 26,772,800 | 21,970,500 | 26,450,800 |
| Wholesale Trade | 14,791,777 | 16,101,650 | 16,867,550 | 21,172,150 |
| Retail Trade | 384,360,559 | 407,590,250 | 452,488,100 | 489,855,200 |
| Finance & Insurance | 958,820 | 1,267,800 | 1,654,700 | 2,187,300 |
| Real Estate, Rental & Leasing | 13,944,336 | 16,928,100 | 18,065,200 | 17,439,600 |
| Restaurant & Bars | 59,414,264 | 62,593,716 | 68,661,174 | 75,714,800 |
| Hotels & Other Lodging (1) | 28,080,440 | 26,672,157 | 24,140,964 | 32,229,300 |
| Public Administration | 83,740 | (32,000) | 30,250 | (55,850) |
| Services | 26,771,435 | 29,469,450 | 33,204,800 | 34,146,000 |
| Arts & Entertainment | 6,590,677 | 7,156,600 | 6,481,000 | 6,178,200 |
| All Others | 16,782,553 | 13,789,750 | 15,735,850 | 19,215,750 |
| Total | <u>\$ 682,370,709</u> | <u>\$ 711,790,773</u> | <u>\$ 784,990,238</u> | <u>\$ 849,604,300</u> |
| City Sales Tax Rate | 2.00% | 2.00% | 2.00% | 2.00% |

- (1) In fiscal year 2011-12 the Arizona Department of Revenue took over collections of Transient Occupancy Tax. This was previously collected in-house by Lake Havasu City and is not reflected in fiscal years 2008-2011.
- (2) The activity for FY 2013 was restated due to the 3% collections for Transient Occupancy Tax initiated and processed by the Arizona Department of Revenue were corrected.

Source: Arizona Department of Revenue

Fiscal Year

| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| \$ 1,708,250 | \$ 2,351,089 | \$ 2,274,357 | \$ 2,519,476 | \$ 2,824,730 | \$ 2,868,197 |
| 41,243,550 | 36,642,489 | 33,101,742 | 32,409,112 | 29,908,314 | 37,872,248 |
| 372,950 | 408,394 | 488,668 | 737,935 | 759,192 | 1,150,769 |
| 85,126,250 | 93,900,227 | 108,450,217 | 131,951,987 | 136,578,928 | 146,123,574 |
| 29,052,200 | 32,292,489 | 39,004,853 | 38,916,514 | 43,974,318 | 53,648,730 |
| 23,939,750 | 27,145,541 | 33,772,249 | 37,818,963 | 42,596,659 | 50,027,449 |
| 526,714,900 | 554,328,385 | 603,875,999 | 654,925,117 | 752,440,945 | 943,796,567 |
| 2,864,863 | 3,485,585 | 4,495,740 | 8,458,814 | 14,207,295 | 15,422,801 |
| 20,921,894 | 24,994,406 | 24,913,322 | 32,877,200 | 34,230,802 | 35,421,428 |
| 77,120,226 | 86,047,388 | 94,102,759 | 112,240,738 | 113,598,186 | 217,161,090 |
| 34,435,303 | 30,474,980 | 31,429,781 | 33,938,173 | 32,105,329 | 108,369,124 |
| 24,200 | 43,335 | 61,107 | 55,284 | 69,154 | 157,480 |
| 38,102,900 | 44,536,621 | 50,494,285 | 60,253,406 | 89,856,320 | 138,680,645 |
| 7,010,700 | 6,558,631 | 4,576,606 | 4,331,793 | 3,647,922 | 3,235,823 |
| 14,640,350 | 31,837,182 | 19,713,969 | 10,889,644 | 12,799,008 | 16,772,315 |
| <u>\$ 903,278,286</u> | <u>\$ 975,046,742</u> | <u>\$ 1,050,755,654</u> | <u>\$ 1,162,324,156</u> | <u>\$ 1,309,597,102</u> | <u>\$ 1,770,708,240</u> |
| 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |



**LAKE HAVASU CITY, ARIZONA
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS
RATES AS OF JUNE 30, 2021**

| <u>Fiscal Year</u> | <u>City Sales Tax</u> | <u>City Restaurant and Bar Tax</u> | <u>(2) City Transient Occupancy Tax</u> | <u>(3) Mohave County</u> | <u>(1) State of Arizona</u> |
|--------------------|-----------------------|--|---|----------------------------------|-------------------------------------|
| 2012 | 2.00 | 1.00 | 3.00 | 0.25 | 6.60 |
| 2013 | 2.00 | 1.00 | 3.00 | 0.25 | 5.60 |
| 2014 | 2.00 | 1.00 | 3.00 | 0.25 | 5.60 |
| 2015 | 2.00 | 1.00 | 3.00 | 0.25 | 5.60 |
| 2016 | 2.00 | 1.00 | 3.00 | 0.25 | 5.60 |
| 2017 | 2.00 | 1.00 | 3.00 | 0.25 | 5.60 |
| 2018 | 2.00 | 1.00 | 3.00 | 0.25 | 5.60 |
| 2019 | 2.00 | 1.00 | 3.00 | 0.25 | 5.60 |
| 2020 | 2.00 | 1.00 | 3.00 | 0.00 | 5.60 |
| 2021 | 2.00 | 1.00 | 3.00 | 0.00 | 5.60 |

(1) For most Business Classifications. Shown here is the retail rate.

The state Tax rate increased on 6/1/2010 and decreased 6/1/2013 due to approval from the voters in the May 2010 election.

(2) The State of Arizona began collecting the Transient Occupancy Tax on February 1, 2012.

(3) The Mohave County General Excise Tax enacted in January 2000 expired December 31, 2019.

Source: Arizona Department of Revenue (www.azdor.gov) and Arizona Secretary of State (www.azsos.gov)

**LAKE HAVASU CITY, ARIZONA
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

| Fiscal Year | | Real Property | | Personal Property | |
|-------------|---|--------------------|------------------------|--------------------|------------------------|
| | | Net Assessed Value | Estimated Actual Value | Net Assessed Value | Estimated Actual Value |
| 2012 | P | \$ 553,723,386 | \$ 4,632,576,319 | \$ 10,215,877 | \$ 58,066,238 |
| | S | 557,526,241 | 4,660,114,966 | 10,215,877 | 58,066,238 |
| 2013 | P | 549,921,360 | 4,642,019,040 | 13,932,103 | 79,171,973 |
| | S | 559,962,410 | 4,720,897,913 | 13,932,103 | 79,171,973 |
| 2014 | P | 552,871,353 | 4,686,326,717 | 13,209,135 | 77,033,222 |
| | S | 561,609,279 | 4,754,265,718 | 13,209,135 | 77,033,222 |
| 2015 | P | 558,881,781 | 4,801,310,125 | 12,490,419 | 74,105,983 |
| | S | 565,654,277 | 4,853,951,631 | 12,490,419 | 74,105,983 |
| 2016 | P | 580,873,455 | 4,953,980,283 | 11,256,533 | 68,368,831 |
| | S | 631,446,060 | 5,408,433,386 | 11,729,600 | 71,080,139 |
| 2017 | P | 608,965,019 | 5,383,479,500 | 11,006,278 | 68,939,771 |
| | S | 735,626,275 | 6,505,033,461 | 13,130,484 | 81,892,063 |
| 2018 | P | 644,785,568 | 5,713,125,000 | 10,822,569 | 68,018,116 |
| | S | 795,548,110 | 7,037,744,217 | 13,002,829 | 81,282,567 |
| 2019 | P | 683,335,499 | 6,058,719,068 | 11,292,683 | 71,032,975 |
| | S | 857,950,789 | 7,594,781,582 | 14,040,294 | 88,050,737 |
| 2020 | P | 727,807,080 | 6,471,661,041 | 11,184,504 | 70,646,217 |
| | S | 922,838,422 | 8,147,956,948 | 13,746,935 | 86,778,829 |
| 2021 | P | 774,038,728 | 6,902,126,299 | 11,842,906 | 74,687,828 |
| | S | 1,016,628,589 | 9,054,989,118 | 14,400,761 | 90,728,857 |

Source: Mohave County Assessor

Under Arizona law, there are two primary valuation bases: Primary (P) and Secondary (S).

Note: This section does not include valuations on property owned by the State of Arizona, the United States Government, the City, and other entities not subject to taxation.

| Total | | | |
|-----------------------|---------------------------|--------------------|---|
| Net Assessed Value | Estimated Actual Value | Direct Tax Rate | Ratio of Total Assessed Value to Total Estimated Actual Value |
| \$ 563,939,263 | \$ 4,690,642,557 | 0.7264 | 12.02 |
| 567,742,118 | 4,718,181,204 | - | plus \$ 268.85 per acre |
| 563,853,463 | 4,721,191,013 | 0.7332 | 11.94 |
| 573,894,513 | 4,800,069,886 | - | plus \$ 268.85 per acre |
| 566,080,488 | 4,763,359,939 | 0.7381 | 11.88 |
| 574,818,414 | 4,831,298,940 | - | plus \$ 268.85 per acre |
| 571,372,200 | 4,875,416,108 | 0.7408 | 11.72 |
| 578,144,696 | 4,928,057,614 | - | plus \$ 268.85 per acre |
| 592,129,988 | 5,022,349,114 | 0.7235 | 11.79 |
| 643,175,660 | 5,479,513,525 | - | plus \$ 268.85 per acre |
| 619,971,297 | 5,452,419,271 | 0.7000 | 11.37 |
| 748,756,759 | 6,586,925,524 | - | plus \$ 268.85 per acre |
| 655,608,137 | 5,781,143,116 | 0.6718 | 11.34 |
| 808,550,939 | 7,119,026,784 | - | plus \$ 268.85 per acre |
| 694,628,182 | 6,129,752,043 | 0.6718 | 11.33 |
| 871,991,083 | 7,682,832,319 | - | plus \$ 268.85 per acre |
| 738,991,584 | 6,542,307,258 | 0.6718 | 11.30 |
| 936,585,357 | 8,234,735,777 | - | plus \$ 268.85 per acre |
| 785,881,634 | 6,976,814,127 | 0.6718 | 11.26 |
| 1,031,029,350 | 9,145,717,975 | - | plus \$ 268.85 per acre |

**LAKE HAVASU CITY, ARIZONA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

| Fiscal Year | | City Direct Rate | | | Special Districts | | | |
|-------------|---|------------------|-------------------|-----------------|------------------------------|-------------------|-------------------------|-------------------------|
| | | Operating Rate | Debt Service Rate | Total City Rate | Irrigation Drainage District | Sanitary District | Improvement District #1 | Improvement District #2 |
| 2012 | P | 0.7264 | - | 0.7264 | - | - | - | - |
| | S | - | - | - | \$ 268.85/acre | - | - | 0.1905 |
| 2013 | P | 0.7332 | - | 0.7332 | - | - | - | - |
| | S | - | - | - | \$ 268.85/acre | - | - | 0.1942 |
| 2014 | P | 0.7381 | - | 0.7381 | - | - | - | - |
| | S | - | - | - | \$ 268.85/acre | - | - | 0.4059 |
| 2015 | P | 0.7408 | - | 0.7408 | - | - | - | - |
| | S | - | - | - | \$268.85/acre | - | - | 0.6014 |
| 2016 | P | 0.7235 | - | 0.7235 | - | - | - | - |
| | S | - | - | - | \$268.85/acre | - | - | 0.8502 |
| 2017 | P | 0.7000 | - | 0.7000 | - | - | - | - |
| | S | - | - | - | \$268.85/acre | - | - | 0.8585 |
| 2018 | P | 0.6718 | - | 0.6718 | - | - | - | - |
| | S | - | - | - | \$268.85/acre | - | - | 0.8349 |
| 2019 | P | 0.6718 | - | 0.6718 | - | - | - | - |
| | S | - | - | - | \$268.85/acre | - | - | 0.7740 |
| 2020 | P | 0.6718 | - | 0.6718 | - | - | - | - |
| | S | - | - | - | \$268.85/acre | - | - | 0.7370 |
| 2021 | P | 0.6718 | - | 0.6718 | - | - | - | - |
| | S | - | - | - | \$268.85/acre | - | - | 0.7370 |

Source: Mohave County Treasurer.

| Special Districts | | | Overlapping Rates | | | | |
|-------------------------|-------------------------|-------------------------|-------------------|-------------------|------------------|------------|--------------------|
| Improvement District #3 | Improvement District #4 | Improvement District #5 | Total County Rate | Total School Rate | Total State Rate | Rate Total | |
| - | - | - | 1.8196 | 3.3785 | 0.4259 | 6.3504 | |
| - | 0.6095 | - | 1.0103 | 0.9888 | - | 2.7991 | plus \$212.75/acre |
| - | - | - | 1.8196 | 3.2644 | 0.4717 | 6.2889 | |
| - | 0.5872 | - | 1.0103 | 0.7828 | - | 2.5745 | plus \$268.85/acre |
| - | - | - | 1.8196 | 3.1962 | 0.5123 | 6.2662 | |
| - | 0.6458 | - | 1.0103 | 0.7828 | - | 2.8448 | plus \$268.85/acre |
| - | - | - | 1.8196 | 4.1683 | 0.5089 | 7.2376 | |
| - | 0.6762 | - | 0.9936 | 0.7297 | - | 3.0009 | plus \$268.85/acre |
| - | - | - | 1.9696 | 4.0121 | 0.5054 | 7.2106 | |
| - | 0.6941 | - | 0.7436 | 0.0000 | - | 2.2879 | plus \$268.85/acre |
| - | - | - | 1.9696 | 3.9873 | 0.5010 | 7.1579 | |
| - | 0.7158 | - | 0.7436 | 0.0000 | - | 2.3179 | plus \$268.85/acre |
| - | - | - | 1.9696 | 3.6727 | 0.0000 | 6.3141 | |
| - | 0.5456 | - | 0.7916 | 0.8660 | 0.49 | 3.5256 | plus \$268.85/acre |
| - | - | - | 1.9696 | 3.1334 | | 5.7748 | |
| - | 0.5040 | - | 0.8916 | 0.8361 | 0.4740 | 3.4797 | plus \$268.85/acre |
| - | - | - | 1.9496 | 3.3652 | | 5.9866 | |
| - | 0.5040 | - | 0.8116 | 0.7403 | 0.4566 | 3.2495 | plus \$268.85/acre |
| - | - | - | 1.9000 | 3.2906 | | 5.8624 | |
| - | 0.5040 | - | 0.8316 | 0.7227 | 0.4426 | 3.2379 | plus \$268.85/acre |

**LAKE HAVASU CITY, ARIZONA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO**

| Taxpayer | 2021 | | | 2012 | | |
|------------------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Unisource Energy Corporation | \$ 14,820,599 | 1 | 1.89% | \$ 9,552,853 | 1 | 1.27% |
| PHC Lake Havasu Inc. | 5,223,777 | 2 | 0.66% | 5,312,480 | 2 | 0.77% |
| Island Development Group LLC | 2,453,025 | 3 | 0.31% | | | |
| Wal Mart Stores Inc. | 2,147,300 | 4 | 0.27% | 1,862,200 | 5 | 0.26% |
| Citizen's Rural Division | 2,134,405 | 5 | 0.27% | 3,409,493 | 4 | 0.50% |
| Lowe's HIW Inc | 1,703,034 | 6 | 0.22% | 1,403,308 | 10 | 0.20% |
| Mickel Havasu LLC | 1,233,938 | 7 | 0.16% | 1,490,046 | 9 | 0.22% |
| ZAC Havasu I LLC | 1,145,476 | 8 | 0.15% | | | |
| Home Depot USA, Inc | 1,131,874 | 9 | 0.14% | | | |
| First Class Properties LLC | 1,124,315 | 10 | 0.14% | | | |
| Shops at Lake Havasu City LLC | | | | 3,651,759 | 3 | 0.74% |
| Sterilite Corporation | | | | 1,713,597 | 6 | 0.26% |
| London Bridge Resort | | | | 1,519,478 | 7 | 0.21% |
| Steinle Janice A Chaper 11 Trustee | | | | 1,514,855 | 8 | 0.24% |
| Totals | \$ 33,117,743 | | 4.21% | \$ 31,430,069 | | 4.43% |
| Net Assessed Value | \$ 785,881,634 | | | \$ 563,939,263 | | |

Source: Mohave County Assessor.

Note: Above taxable assessed valuations are as of 1/1/2020 and 2011, respectively, and the associated tax levies were due in fiscal years ended June 30, 2021 and 2012, respectively.

**LAKE HAVASU CITY, ARIZONA
PROPERTY TAX LEVIES AND COLLECTIONS⁽¹⁾
LAST TEN FISCAL YEARS**

| Fiscal Year | Total Adjusted Levy | Collected Within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-------------|---------------------|--|--------------------------|---------------------------------|---------------------------|--|
| | | Amount | Percent of Adjusted Levy | | Total Tax Collections | Ratio of Total Tax Collections to Total Tax Levy |
| 2012 | \$ 4,076,846 | \$ 3,965,111 | 97.26 % | \$ 111,581 | \$ 4,076,692 | 100.00 % |
| 2013 | 4,124,313 | 4,011,502 | 97.26 | 112,659 | 4,124,161 | 100.00 |
| 2014 | 4,151,317 | 4,032,532 | 97.14 | 118,632 | 4,151,164 | 100.00 |
| 2015 | 4,227,640 | 4,135,746 | 97.83 | 91,854 | 4,227,600 | 100.00 |
| 2016 | 4,281,108 | 4,194,139 | 97.97 | 86,930 | 4,281,069 | 100.00 |
| 2017 | 4,337,881 | 4,255,053 | 98.09 | 82,568 | 4,337,621 | 99.99 |
| 2018 | 4,403,495 | 4,320,370 | 98.11 | 83,024 | 4,403,394 | 100.00 |
| 2019 | 4,665,788 | 4,576,135 | 98.08 | 89,522 | 4,665,657 | 100.00 |
| 2020 | 4,942,897 | 4,850,293 | 98.13 | 90,531 | 4,940,824 | 99.96 |
| 2021 | 5,285,658 | 5,188,945 | 98.17 | - | 5,188,945 | 98.17 |

(1) Mohave County is responsible for assessing and collecting property taxes.

**LAKE HAVASU CITY, ARIZONA
IRRIGATION AND DRAINAGE DISTRICT⁽¹⁾
PROPERTY TAX LEVIES AND COLLECTIONS⁽²⁾
LAST TEN FISCAL YEARS**

| Fiscal Year | Total Adjusted Levy | Collected Within the Fiscal Year of the Levy | | | Total Collections to Date | |
|-------------|---------------------|--|--------------------------|---------------------------------|---------------------------|--|
| | | Amount | Percent of Adjusted Levy | Collections in Subsequent Years | Total Tax Collections | Ratio of Total Tax Collections to Total Tax Levy |
| 2012 | \$ 5,671,305 | \$ 5,408,979 | 95.37 % | \$ 260,982 | \$ 5,669,961 | 99.98 % |
| 2013 | 5,665,992 | 5,409,765 | 95.48 | 254,882 | 5,664,647 | 99.98 |
| 2014 | 5,665,704 | 5,442,107 | 96.05 | 222,253 | 5,664,360 | 99.98 |
| 2015 | 5,665,700 | 5,517,668 | 97.39 | 146,687 | 5,664,355 | 99.98 |
| 2016 | 5,665,427 | 5,521,460 | 97.46 | 142,623 | 5,664,083 | 99.98 |
| 2017 | 5,700,920 | 5,572,372 | 97.75 | 126,934 | 5,699,306 | 99.97 |
| 2018 | 5,701,726 | 5,573,862 | 97.76 | 126,385 | 5,700,247 | 99.97 |
| 2019 | 5,694,791 | 5,568,222 | 97.78 | 124,822 | 5,693,044 | 99.97 |
| 2020 | 5,694,801 | 5,572,375 | 97.85 | 120,410 | 5,692,785 | 99.96 |
| 2021 | 5,704,306 | 5,588,121 | 97.96 | - | 5,588,121 | 97.96 |

(1) Lake Havasu Irrigation and Drainage District was organized on September 30, 1963. The District was to be dissolved in fiscal year 2004 upon the retirement of all outstanding obligations of the District. However, on February 1, 1993, \$4,120,000 in general obligation refunding bonds were issued. The District will be dissolved in fiscal year 2023 upon the retirement of this general obligation debt.

(2) Mohave County is responsible for assessing and collecting property taxes.

**LAKE HAVASU CITY, ARIZONA
IMPROVEMENT DISTRICT NO. 2 – SPECIAL ASSESSMENT⁽¹⁾
PROPERTY TAX LEVIES AND COLLECTIONS⁽²⁾
LAST TEN FISCAL YEARS**

| Fiscal Year | Total Adjusted Levy | Collected Within the Fiscal Year of the Levy | | | Total Collections to Date | | |
|-------------|---------------------|--|--------------------------|---------------------------------|---------------------------|--|--|
| | | Amount | Percent of Adjusted Levy | Collections in Subsequent Years | Total Tax Collections | Ratio of Total Tax Collections to Total Tax Levy | |
| 2012 | \$ 3,826 | \$ 3,647 | 95.32 % | \$ 179 | \$ 3,826 | 100.00 | |
| 2013 | 3,966 | 3,589 | 90.49 | 377 | 3,966 | 100.00 | |
| 2014 | 8,001 | 7,419 | 92.73 | 582 | 8,001 | 100.00 | |
| 2015 | 10,771 | 10,035 | 93.17 | 736 | 10,771 | 100.00 | |
| 2016 | 15,115 | 14,721 | 97.39 | 394 | 15,115 | 100.00 | |
| 2017 | 15,470 | 15,269 | 98.70 | 201 | 15,470 | 100.00 | |
| 2018 | 16,002 | 15,851 | 99.06 | 151 | 16,002 | 100.00 | |
| 2019 | 16,016 | 15,932 | 99.48 | 84 | 16,016 | 100.00 | |
| 2020 | 13,799 | 12,900 | 93.49 | 899 | 13,799 | 100.00 | |
| 2021 | 14,481 | 13,997 | 96.66 | - | 13,997 | 96.66 | |

(1) On July 1, 1998, the operation and maintenance of the Improvement Districts became the responsibility of Lake Havasu City, Arizona instead of Mohave County. Improvement District No. 2 maintains and operates the parking lot, utilities, landscaping and related capital improvements in the London Bridge Shopping Center.

(2) Mohave County is responsible for assessing and collecting property taxes.

**LAKE HAVASU CITY, ARIZONA
IMPROVEMENT DISTRICT NO. 4 – SPECIAL ASSESSMENT⁽¹⁾
PROPERTY TAX LEVIES AND COLLECTIONS⁽²⁾
LAST TEN FISCAL YEARS**

| Fiscal Year | Total Adjusted Levy | Collected Within the Fiscal Year of the Levy | | | Total Collections to Date | | |
|-------------|---------------------|--|--------------------------|---------------------------------|---------------------------|--|--|
| | | Amount | Percent of Adjusted Levy | Collections in Subsequent Years | Total Tax Collections | Ratio of Total Tax Collections to Total Tax Levy | |
| 2012 | \$ 68,649 | \$ 68,007 | 99.06 % | \$ 642 | \$ 68,649 | 100.00 % | |
| 2013 | 67,980 | 65,770 | 96.75 | 2,210 | 67,980 | 100.00 | |
| 2014 | 74,937 | 73,649 | 98.28 | 1,288 | 74,937 | 100.00 | |
| 2015 | 71,253 | 69,229 | 97.16 | 2,023 | 71,252 | 100.00 | |
| 2016 | 69,020 | 67,571 | 97.90 | 1,450 | 69,021 | 100.00 | |
| 2017 | 71,664 | 69,292 | 96.69 | 2,372 | 71,664 | 100.00 | |
| 2018 | 57,032 | 54,400 | 95.39 | 2,632 | 57,032 | 100.00 | |
| 2019 | 57,324 | 55,768 | 97.29 | 1,556 | 57,324 | 100.00 | |
| 2020 | 59,502 | 57,362 | 96.40 | 2,140 | 59,502 | 100.00 | |
| 2021 | 61,718 | 59,991 | 97.20 | - | 59,991 | 97.20 | |

(1) On July 1, 1998, the operation and maintenance of the Improvement Districts became the responsibility of Lake Havasu City, Arizona instead of Mohave County. Improvement District No. 4 maintains the median landscaping on McCulloch Boulevard from Smoketree to Lake Havasu Avenue.

(2) Mohave County is responsible for assessing and collecting property taxes.



**LAKE HAVASU CITY, ARIZONA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

| Fiscal Year | Governmental Activities | | | | Business-Type Activities | | | | |
|-------------|--------------------------|---------------|---------------|----------------|--------------------------|----------------------------------|---------|--------------------------|----------------|
| | Special Assessment Bonds | Notes Payable | Revenue Bonds | Capital Leases | Sewer Bonds | Irrigation and Drainage District | Airport | General Obligation Bonds | Capital Leases |
| 2012 | \$ - | \$ - | \$ 2,235,000 | \$ 1,610,207 | \$ 306,394,210 | \$ 4,728,052 | \$ - | \$ 115,000 | \$ 1,432,240 |
| 2013 | - | - | 2,090,000 | 2,786,873 | 296,636,229 | 4,496,819 | - | 105,000 | 1,795,066 |
| 2014 | - | - | 1,940,000 | 5,931,270 | 288,304,435 | 4,131,389 | - | 95,000 | 1,683,448 |
| 2015 | - | - | 1,780,000 | 5,064,524 | 278,204,383 | 5,436,978 | - | 80,000 | 1,581,455 |
| 2016 | - | - | 1,615,000 | 8,115,676 | 244,601,444 | 5,398,622 | - | 70,000 | 369,352 |
| 2017 | - | - | 10,477,626 | 6,705,608 | 239,070,575 | 4,389,305 | 3,960 | 60,000 | 340,583 |
| 2018 | - | - | 13,874,000 | 3,626,109 | 233,291,955 | 5,624,550 | - | 50,000 | - |
| 2019 | - | - | 6,331,000 | 2,799,105 | 228,072,839 | 5,191,639 | - | 40,000 | - |
| 2020 | - | - | - | 2,099,433 | 222,688,413 | 4,744,641 | - | 30,000 | - |
| 2021 | - | 1,631,073 | - | 1,385,121 | 219,168,484 | 4,283,094 | - | 20,000 | - |

(1) Unable to calculate Percentage of Personal Income without Per Capita Income, which is unavailable for 2015.

| (1) | | |
|-----------------------------|-------------------------------------|------------|
| Total Primary Government | Percentage of Personal Income | Per Capita |
| \$ 316,514,709 | 23.94 | \$ 6,040 |
| 308,036,083 | 21.15 | 5,843 |
| 302,050,047 | 21.26 | 5,709 |
| 290,242,179 | N/A | 5,492 |
| 245,913,082 | 20.12 | 4,855 |
| 261,047,657 | 19.96 | 4,853 |
| 256,466,614 | 18.03 | 4,680 |
| 242,394,583 | 15.48 | 4,360 |
| 229,532,487 | 14.36 | 4,046 |
| 226,487,772 | 12.26 | 3,941 |



**LAKE HAVASU CITY, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2021**

| <u>Governmental Unit</u> | <u>Outstanding Debt</u> | <u>Estimated Percentage Applicable (1)</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|-----------------------------|--|--|
| Overlapping debt | | | |
| Lake Havasu Unified School District No. 1 | \$ 31,535,291 | 91% | 28,570,974 |
| City Direct Debt | | | |
| Lake Havasu City Capital Leases | 1,385,121 | 100% | 1,385,121 |
| Lake Havasu City Notes Payable | 1,631,073 | 100% | 1,631,073 |
| Lake Havasu City, Arizona Direct Debt | | | <u>3,016,194</u> |
| Total Direct and Overlapping Debt | | | <u>\$ 31,587,168</u> |

(1) Overlapping governments are those that coincide, at least in part with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Lake Havasu City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**LAKE HAVASU CITY, ARIZONA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|---|------------------------|------------------------|------------------------|-----------------------|
| <u>20% Limitation (1)</u> | | | | |
| Debt Limit | \$ 113,548,424 | \$ 114,778,903 | \$ 114,963,683 | \$ 115,628,939 |
| Total Net Debt Applicable to 20% Limit (Restated to Account for Amount Set Aside for Repayment of Debt) | <u>140,427,574</u> | <u>136,101,397</u> | <u>126,686,249</u> | <u>120,719,896</u> |
| Legal Debt Margin (Available Borrowing Capacity) | <u>\$ (26,879,150)</u> | <u>\$ (21,322,494)</u> | <u>\$ (11,722,566)</u> | <u>\$ (5,090,957)</u> |
| Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit | 123.67% | 118.58% | 110.20% | 104.40% |
| <u>6% Limitation (2)</u> | | | | |
| Debt Limit | \$ 34,064,527 | \$ 34,433,671 | \$ 34,489,105 | \$ 34,688,682 |
| Total Net Debt Applicable to 6% Limit | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Legal Debt Margin (Available Borrowing Capacity) | <u>\$ 34,064,527</u> | <u>\$ 34,433,671</u> | <u>\$ 34,489,105</u> | <u>\$ 34,688,682</u> |
| Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit | - | - | - | - |

(1) Additional bonds amounting to 20% of the assessed valuation of taxable property can be issued for supplying such services as water, artificial light, or sewers, when the works for supplying such water, light, or sewers are or shall be owned and controlled by the municipality, and for the acquisition and development by the incorporated city or town of land or interest therein for open space preserves, parks, playgrounds and recreational facilities, public safety, law enforcement, fire and emergency service facilities and streets and transportation facilities.

(2) The Arizona Constitution states that for general municipal purposes a municipality cannot incur a debt exceeding 6% of the assessed valuation of taxable property.

(3) Beginning in fiscal year 2016, the primary (limited assessed valuation) is to be used by cities when levying for maintenance and operation and for debt retirement. Prior to that date, the secondary (full cash) assessed valuation was used when levying for debt retirement, voter approved budget overrides, and maintenance and operation of special services districts.

| <u>2016 (3)</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 118,382,799 | \$ 123,962,603 | \$ 131,121,627 | \$ 138,925,636 | \$ 147,798,317 | \$ 157,176,327 |
| <u>98,935,166</u> | <u>123,962,603</u> | <u>124,822,644</u> | <u>114,582,649</u> | <u>110,061,118</u> | <u>104,611,034</u> |
| <u>\$ 19,447,633</u> | <u>\$ -</u> | <u>\$ 6,298,983</u> | <u>\$ 24,342,987</u> | <u>\$ 37,737,199</u> | <u>\$ 52,565,293</u> |
| 83.57% | 100.00% | 95.20% | 82.48% | 74.47% | 66.56% |
| \$ 35,514,840 | \$ 37,188,781 | \$ 39,336,488 | \$ 41,677,691 | \$ 44,339,495 | \$ 47,152,898 |
| <u>13,661,633</u> | <u>874,481</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ 21,853,207</u> | <u>\$ 36,314,300</u> | <u>\$ 39,336,488</u> | <u>\$ 41,677,691</u> | <u>\$ 44,339,495</u> | <u>\$ 47,152,898</u> |

- - - - -



**LAKE HAVASU CITY, ARIZONA
CALCULATION OF LEGAL DEBT MARGIN
JUNE 30, 2021**

| | | |
|--|--------------------|-----------------------|
| Net Secondary Assessed Valuation (1) | | <u>\$ 785,881,634</u> |
| <div style="border-bottom: 1px solid black; padding-bottom: 5px;"> Water, Sewer, Light, Parks, Open Space Preserves, Playgrounds, Recreational Facilities, Public Safety, Law Enforcement, Fire and Emergency Facilities, and Streets and Transportation Facilities </div> | | |
| Debt Limit - 20% of Secondary Net Assessed Valuation | | 157,176,327 |
| Debt Applicable to Limit | | |
| General Obligation Bonds Outstanding | \$ 107,612,041 | |
| Plus: Excess Premium (2) | 6,422,827 | |
| Less Amount Set Aside for Repayment of Debt | <u>(9,423,834)</u> | |
| Net Debt Applicable to Limit | | <u>104,611,034</u> |
| 20% Legal Debt Margin | | <u>52,565,293</u> |
| <hr style="border: 0.5px solid black;"/> <div style="text-align: center; padding-bottom: 5px;">All Other General Obligation Bonds</div> <hr style="border: 0.5px solid black;"/> | | |
| Debt Limit - 6% of Secondary Net Assessed Valuation | | 47,152,898 |
| Debt Applicable to Limit | | |
| General Obligation Bonds Outstanding | <u>-</u> | |
| Less Amount Set Aside for Repayment of Debt | <u>-</u> | |
| Net Debt Applicable to Limit | | <u>-</u> |
| All Other General Obligation Bonds Debt Margin | | <u>47,152,898</u> |
| Total Legal Debt Margin | | <u>\$ 99,718,191</u> |

(1) Source: Mohave County Assessor's Office.

(2) A change in state law ARS 15-10244 requires the Excess Premium to be added to the debt subject to the legal margin.

**LAKE HAVASU CITY, ARIZONA
 PLEDGED-REVENUE COVERAGE
 GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS**

| Fiscal Year | Excise Tax Revenue Bonds (1) | | | | Special Assessment Bonds (2) | | | |
|-------------|------------------------------|------------------------|-----------------------|----------|------------------------------------|------------------------|-----------------------|----------|
| | Excise Tax (1) | Debt Service Principal | Debt Service Interest | Coverage | Special Assessment Collections (2) | Debt Service Principal | Debt Service Interest | Coverage |
| 2012 | \$ 25,248,684 | \$ 140,000 | \$ 97,229 | 109.29 | \$ 65,357 | \$ 60,000 | \$ 1,538 | 1.06 |
| 2013 | 26,526,205 | 145,000 | 91,446 | 106.43 | - | - | - | - |
| 2014 | 27,854,065 | 150,000 | 85,463 | 112.19 | - | - | - | - |
| 2015 | 32,724,861 | 160,000 | 79,096 | 118.30 | - | - | - | - |
| 2016 | 34,752,074 | 165,000 | 70,997 | 136.87 | - | - | - | - |
| 2017 | 36,640,972 | 175,000 | 63,896 | 153.38 | - | - | - | - |
| 2018 | 39,320,608 | 180,000 | 56,657 | 166.15 | - | - | - | - |
| 2019 | 43,528,759 | 1,260,000 | 3,529 | 34.45 | - | - | - | - |
| 2020 | - | - | - | - | - | - | - | - |
| 2021 | - | - | - | - | - | - | - | - |

(1) Excise Tax revenues are pledged for the Excise Tax Bonds. Prior to FY 2005 the revenues were pledged for both the Municipal Property Corporation Bonds and Excise Tax Bonds.

(2) D7 Special Assessment Bonds were retired in Fiscal Year 2011-12.

(3) Excise Tax revenues are pledged for the 2016 Excise Tax Bonds and include the City's sales and transaction privilege taxes.

(4) Excise Tax revenues are pledged for the 2017 Excise Tax Bonds and include the City's sales and transaction privilege taxes.

Excise Tax Revenue Bonds (3) (4)

| <u>Excise Tax (3)</u> | <u>Debt Service Principal</u> | <u>Debt Service Interest</u> | <u>Coverage</u> |
|-----------------------|-----------------------------------|----------------------------------|-----------------|
| \$ - | \$ - | \$ - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 21,750,889 | 2,596,000 | 179,418 | 7.84 |
| 23,297,543 | 9,760,000 | 209,554 | 2.34 |
| 25,375,655 | 6,283,000 | 152,955 | 3.94 |
| - | - | - | - |
| - | - | - | - |

**LAKE HAVASU CITY, ARIZONA
PLEGDED-REVENUE COVERAGE
ENTERPRISE FUNDS
LAST TEN FISCAL YEARS**

| Fiscal Year | Sewer Revenue Bonds | | | | | |
|-------------|--------------------------|-------------------------------------|-----------------------------|-----------------------------------|-----------------------|----------------------|
| | (1) Operating Revenue | (2) Plus: (3) Rate Stabilization | Less: Operating Expenses | Net Available Revenue for SR Debt | Senior Debt Principal | Senior Debt Interest |
| 2012 | \$ 23,380,304 | \$ 6,500,000 | \$ 6,303,028 | \$ 23,577,276 | \$ 5,249,416 | \$ 4,226,331 |
| 2013 | 23,072,178 | 6,500,000 | 6,705,193 | 22,866,985 | 5,404,372 | 4,220,890 |
| 2014 | 23,635,466 | 6,500,000 | 7,134,366 | 23,001,100 | 5,572,168 | 4,839,966 |
| 2015 | 23,722,951 | 6,500,000 | 7,034,913 | 23,188,038 | 5,046,707 | 3,957,947 |
| 2016 | 23,036,455 | 4,500,000 | 7,167,020 | 20,369,435 | 5,172,561 | 3,797,164 |
| 2017 | 22,573,416 | 4,500,000 | 7,384,401 | 19,689,015 | 5,646,925 | 9,261,169 |
| 2018 | 22,292,478 | 4,500,000 | 6,538,010 | 20,254,468 | 4,457,846 | 9,104,667 |
| 2019 | 24,165,448 | 4,500,000 | 7,310,706 | 21,354,742 | 4,616,758 | 8,940,868 |
| 2020 | 24,035,079 | 4,500,000 | 7,992,633 | 20,542,446 | 4,782,065 | 8,770,374 |
| 2021 | 24,437,633 | 4,500,000 | 8,288,913 | 20,648,720 | 4,948,800 | 8,593,177 |

| | Water Revenue Bonds | | | | | |
|------|--------------------------|-----------------------------|-----------------------|------------------------|-----------------------|----------|
| | (1) Operating Revenue | Less: Operating Expenses | Net Available Revenue | Debt Service Principal | Debt Service Interest | Coverage |
| 2012 | \$ 12,158,839 | \$ 7,558,432 | \$ 2,818,500 | \$ 356,095 | \$ 177,258 | 6.85 |
| 2013 | 11,797,191 | 7,503,781 | 4,600,407 | 357,328 | 161,868 | 8.63 |
| 2014 | 13,193,838 | 7,833,935 | 4,293,410 | 368,929 | 153,481 | 8.27 |
| 2015 | 10,585,562 | 7,488,995 | 5,359,903 | 380,912 | 168,371 | 10.26 |
| 2016 | 10,626,559 | 8,281,913 | 3,096,567 | 403,288 | 174,345 | 5.64 |
| 2017 | 10,874,475 | 8,410,995 | 2,463,480 | 825,345 | 158,600 | 2.50 |
| 2018 | 12,089,482 | 9,718,349 | 2,463,480 | - | 174,058 | 2.50 |
| 2019 | 12,479,099 | 8,609,869 | 3,869,230 | 432,912 | 166,315 | 6.46 |
| 2020 | 12,530,758 | 9,783,608 | 2,747,150 | 446,997 | 151,765 | 4.59 |
| 2021 | 12,530,109 | 9,776,797 | 2,753,312 | 461,547 | 136,737 | 4.60 |

(1) Includes investment income and contributed capital.

(2) In May 2007 City Council approved Resolution No. 07-2160 pledging a rate stabilization fund in the amount of \$5 million for debt coverage to ensure loan covenant requirements are met. In December 2010 Council approved Resolution No. 10-2505 increasing the rate stabilization fund by \$1.5 million for a total rate stabilization fund of \$6.5 million for additional pledged coverage.

(3) Rate Stabilization Fund was reduced to \$4.5 million as part of wastewater debt restructuring.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Bond covenants may include revenue for purposes of debt service coverage.

Sewer Revenue Bonds

| Total Senior Debt Service | (2) Senior Debt Coverage | Net Available Revenue for Junior Debt | Junior Debt Principal | Junior Debt Interest | Total Junior Debt Service | (2) (4) Junior Debt Coverage |
|------------------------------|--------------------------------|---|--------------------------|-------------------------|------------------------------|------------------------------------|
| \$ 9,475,747 | 2.49 | \$ 14,101,529 | \$ 3,120,546 | \$ 6,117,489 | \$ 9,238,035 | 2.53 |
| 9,625,262 | 2.38 | 13,241,723 | 4,566,798 | 5,980,474 | 10,547,272 | 1.53 |
| 10,412,134 | 2.21 | 12,588,966 | 4,694,038 | 5,839,593 | 10,533,631 | 1.26 |
| 9,004,654 | 2.58 | 14,183,384 | 4,922,593 | 5,691,546 | 10,614,139 | 1.20 |
| 8,969,725 | 2.27 | 11,399,710 | 5,182,509 | 2,727,094 | 7,909,603 | 1.34 |
| 14,908,094 | 1.32 | 4,780,921 | - | - | - | n/a |
| 13,562,513 | 1.49 | 6,691,955 | - | - | - | n/a |
| 13,557,626 | 1.58 | 7,797,116 | - | - | - | n/a |
| 13,552,439 | 1.52 | 6,990,007 | - | - | - | n/a |
| 13,541,977 | 1.52 | 7,106,743 | - | - | - | n/a |

**LAKE HAVASU CITY, ARIZONA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

| Fiscal Year | (1) Population | (5) Personal Income | (2) Per Capita Personal Income | (2) Median Age | (3) School Enrollment | (4) Unemployment Rate |
|----------------|-------------------|---------------------------|---|----------------------|-----------------------------|-----------------------------|
| 2012 | 52,406 | \$ 1,321,889,000 | \$ 25,224 | 50.2 | 5,677 | 10.3 % |
| 2013 | 52,720 | 1,456,548,000 | 27,628 | 50.7 | 5,622 | 10.7 |
| 2014 | 52,908 | 1,420,686,000 | 26,852 | 51.0 | 5,561 | 9.4 |
| 2015 | 53,193 | N/A | N/A | 51.4 | 5,559 | 7.6 |
| 2016 | 53,583 | 1,293,279,000 | 24,136 | 52.2 | 5,488 | 7.0 |
| 2017 | 53,796 | 1,307,942,000 | 24,313 | 53.0 | 5,385 | 5.2 |
| 2018 | 54,801 | 1,422,141,000 | 25,951 | 54.0 | 5,404 | 4.9 |
| 2019 | 55,600 | 1,566,530,000 | 28,175 | 54.0 | 4,925 | 5.2 |
| 2020 | 56,738 | 1,598,593,000 | 28,175 | 54.0 | 5,343 | 11.9 |
| 2021 | 57,464 | 1,848,042,000 | 32,160 | 55.4 | 5,163 | 7.4 |

(1) Arizona Economic Estimates Commission and the Arizona Office of Employment and Population Statistics www.azstats.gov

(2) Demographics Now estimates used until 2014. Per Capita Personal Income unavailable for 2015. U.S. Census Bureau used for per capita income. Began using report from Mohave County Economic Development in 2015 for Median Age.

(3) Lake Havasu Unified School District No. 1

(4) Fiscal year 2012 to present Arizona Department of Administration, Office of Employment & Population Statistics. All other years from Arizona Workforce Informer.

(5) Unable to calculate Personal Income without Per Capita Income, which is unavailable for 2015.

**LAKE HAVASU CITY, ARIZONA
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO**

| Employer | 2021 | | | 2012 | | |
|-------------------------------------|--------------|------|---|--------------|------|---|
| | Employees | Rank | Percentage of Total City Employment (1) | Employees | Rank | Percentage of Total City Employment (1) |
| Havasu Regional Medical Center | 707 | 1 | 2.75% | 615 | 3 | 2.49% |
| Lake Havasu School District | 585 | 2 | 2.28% | 670 | 1 | 2.72% |
| Lake Havasu City | 575 | 3 | 2.24% | 630 | 2 | 2.55% |
| Sterilite Corporation | 396 | 4 | 1.54% | 425 | 4 | 1.72% |
| Anderson Auto Group | 334 | 5 | 1.30% | - | | |
| Walmart | 305 | 6 | 1.19% | 300 | 5 | 1.22% |
| Shugrue's Restaurants | 300 | 7 | 1.17% | 200 | 7 | 0.81% |
| London Bridge Resort | 250 | 8 | 0.97% | 300 | 6 | 1.22% |
| Bashas' (2 locations) | 200 | 9 | 0.78% | 186 | 8 | 0.75% |
| River Medical | 145 | 10 | 0.56% | 150 | 10 | 0.61% |
| Mohave Community College | | | | 169 | 9 | 0.69% |
| Total | 3,797 | | 14.78% | 3,645 | | 14.78% |
| Total Employees in Lake Havasu City | 25,710 (1b) | | | 24,666 (1a) | | |

Source: Lake Havasu Partnership for Economic Development.

(1a) Arizona Workforce Informer.

(1b) Arizona Department of Administration-Office of Employment and Population Statistics www.azstats.gov/laus-data-query-tool/

**LAKE HAVASU CITY, ARIZONA
FULL-TIME POSITIONS BY FUNCTION
LAST TEN FISCAL YEARS**

| Function | Authorized Position as of Fiscal Year Ended | | | | | |
|------------------------------------|---|--------------|--------------|--------------|--------------|--------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| General Government | 59.0 | 67.0 | 71.0 | 71.0 | 74.0 | 74.0 |
| Non-Departmental | - | - | - | - | - | - |
| Development Services (6) | 21.0 | 19.0 | 13.0 | 16.0 | 16.0 | 26.0 |
| Public Safety | | | | | | |
| Police | 116.0 | 117.0 | 121.0 | 121.0 | 121.0 | 121.0 |
| Fire | 86.0 | 85.0 | 85.0 | 85.0 | 85.0 | 85.0 |
| Public Works (4) | | | | | | |
| Administration/Engineering (3) (7) | 18.0 | 19.0 | 4.0 | 3.0 | 3.0 | 2.0 |
| Airport | 5.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Maintenance Services (2) (5) | N/A | N/A | 54.0 | 54.0 | 53.0 | 53.0 |
| Transportation | 14.0 | 12.0 | 11.0 | N/A | N/A | N/A |
| Street Maintenance | 30.0 | 25.0 | N/A | N/A | N/A | N/A |
| Buildings and Grounds (1) | N/A | 28.0 | N/A | N/A | N/A | N/A |
| Vehicle Maintenance | 9.0 | 7.0 | 8.0 | 9.0 | 9.0 | 9.0 |
| Wastewater | 26.0 | 24.0 | 28.0 | 29.0 | 30.0 | 30.0 |
| Water | 42.0 | 38.0 | 39.0 | 39.0 | 37.0 | 35.0 |
| Culture and Recreation (1) (5) | 34.0 | 6.0 | 9.0 | 9.0 | 10.0 | 12.0 |
| Total | <u>460.0</u> | <u>449.0</u> | <u>445.0</u> | <u>438.0</u> | <u>440.0</u> | <u>449.0</u> |

- (1) Parks Division moved from Culture and Recreation to Operations-Building and Grounds
- (2) Street Maintenance and Buildings and Grounds moved to Operations-Maintenance Services
- (3) Operations- Engineering moved to Community Investment in 2014
- (4) Operations name changed to Public Works in 2020
- (5) Parks Division moved from Public Works Maintenance Services to Culture and Recreation in 2020
- (6) Community Investment name changed to Development Services in 2019
- (7) Engineering moved from Development Services to Public Works in 2019

Source: Lake Havasu City, Arizona's Administration Services.

Authorized Position as of Fiscal Year Ended

| 2018 | 2019 | 2020 | 2021 |
|--------------|--------------|--------------|--------------|
| 75.0 | 75.0 | 73.0 | 71.0 |
| - | 0.0 | 9.0 | 8.0 |
| 27.0 | 26.0 | 26.0 | 17.0 |
| 122.0 | 122.0 | 118.0 | 118.0 |
| 85.0 | 86.0 | 86.0 | 85.0 |
| 3.0 | 3.0 | 2.0 | 11.0 |
| 2.0 | 4.0 | 4.0 | 4.0 |
| 53.0 | 51.0 | 38.0 | 29.0 |
| N/A | N/A | N/A | N/A |
| N/A | NA/ | N/A | N/A |
| N/A | N/A | N/A | N/A |
| 9.0 | 9.0 | 9.0 | 9.0 |
| 30.0 | 30.0 | 33.0 | 32.0 |
| 36.0 | 34.0 | 34.0 | 33.0 |
| 11.0 | 11.0 | 27.0 | 35.0 |
| <u>453.0</u> | <u>451.0</u> | <u>459.0</u> | <u>452.0</u> |

**LAKE HAVASU CITY, ARIZONA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

| Function | Fiscal Years | | | | |
|--|--------------|---------|---------|--------|--------|
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| <u>Police</u> | | | | | |
| Number of Sworn Officers | 83 | 83 | 77 | 83 | 83 |
| Number of Incidents Handled | 58,652 | 60,940 | 54,843 | 53,897 | 46,906 |
| Number of Report Numbers Issued | 7,001 | 7,788 | 7,126 | 7,100 | 8,095 |
| Number of 911 Calls Processed | 19,787 | 19,754 | 18,969 | 20,294 | 20,173 |
| Response Time, Priority 1 Calls (Minutes) | 5:56 | 6:23 | 6:39 | 7:02 | 7:49 |
| <u>Fire</u> | | | | | |
| Number of Field Suppression Personnel | 72 | 75 | 76 | 75 | 77 |
| Number of Structural Fires | 37 | 57 | 35 | 25 | 31 |
| Number of Emergency Responses | 7,542 | 8,358 | 7,811 | 8,154 | 8,510 |
| Response Time (Minutes) | 5:27 | 5:29 | 6:16 | 6:06 | 5:54 |
| Inspections | 3,102 | 1,880 | 1,280 | 2,751 | 1,615 |
| <u>Highways and Streets</u> | | | | | |
| Street Resurfacing (Miles) | 15.00 | 37.00 | 96.00 | 40.00 | 58.00 |
| Utility Patches | 380 | 224 | 211 | 174 | 36 |
| Skin Patches | 211 | 52 | 35 | 97 | 13 |
| Crackfilling (Miles) | 40.50 | 15.00 | 63.00 | 27.00 | 39.00 |
| <u>Wastewater</u> | | | | | |
| Total Active Sewer Connections (1) | 25,673 | 25,826 | 26,129 | 26,351 | 32,117 |
| Average Daily Flowage (mg) | 3.69 | 3.60 | 3.71 | 3.73 | 3.84 |
| <u>Municipal Parks</u> | | | | | |
| Park Uses | 2,311 | 2,418 | 3,238 | 3,238 | 3,355 |
| <u>Water</u> | | | | | |
| Total Active Water Meters (2) | 29,329 | 29,508 | 29,737 | 30,072 | 30,358 |
| New Connections | 130 | 230 | 277 | 298 | 361 |
| Main Breaks | 55 | 71 | 69 | 51 | 60 |
| Service Line Leaks | 225 | 239 | 205 | 194 | 205 |
| Average Daily Consumption (Gallons) per Capita | 199 | 199 | 183 | 182 | 178 |
| <u>Transit</u> | | | | | |
| Total Ridership (3) | 114,548 | 110,414 | 87,884 | 8,348 | 8,031 |
| Miles Driven | 347,841 | 342,391 | 257,190 | 41,932 | 46,367 |
| <u>General</u> | | | | | |
| Building Permits Issued | 895 | 1,573 | 1,907 | 2,210 | 2,478 |
| Building Inspections Conducted | 5,432 | 7,605 | 9,574 | 11,078 | 12,767 |
| Land Use Actions | 75 | 65 | 102 | 206 | 189 |

(1) "Total Active Sewer Connections" previously included water connections and average annual connections. These figures are now amended from 2006-2014 to only show active sewer connection as of June 30th.

(2) Figures for "Total Active Water Meters" were previously estimated. Figures from 2007 to 2014 were amended to show true total active water meters as of June 30th of the respective year.

(3) "Total Ridership" decreased significantly in 2015 due to discontinued fix route bus service and transition to Havasu Mobility services (door-to-door) as an alternative.

Source: Lake Havasu City, Arizona departments.

Fiscal Years

| 2017 | 2018 | 2019 | 2020 | 2021 |
|--------|--------|--------|--------|--------|
| 83 | 81 | 80 | 80 | 80 |
| 44,635 | 48,828 | 46,809 | 43,727 | 45,228 |
| 8,307 | 8,643 | 8,121 | 7,602 | 6,826 |
| 19,626 | 21,239 | 19,020 | 21,157 | 22,488 |
| 7:46 | 8:01 | 7:28 | 7:48 | 7:14 |
| 77 | 77 | 77 | 77 | 79 |
| 19 | 31 | 31 | 28 | 42 |
| 8,654 | 8,445 | 8,195 | 8,448 | 9,097 |
| 6.06 | 6:06 | 6:09 | 6:16 | 5:48 |
| 1,977 | 2,149 | 2,550 | 2,449 | 2,955 |
| 74.00 | 44.50 | 85.00 | 18.00 | 269.05 |
| 194 | 188 | 155 | 237 | 252 |
| 26 | 14 | 21 | 35 | 67 |
| 54.50 | 147.00 | 75.00 | 31.00 | 116.00 |
| 28,802 | 25,227 | 27,992 | 27,885 | 28,750 |
| 3.95 | 3.80 | 2.83 | 4.40 | 4.10 |
| 3,090 | 3,604 | 3,437 | 3,080 | 433 |
| 31,701 | 31,947 | 32,321 | 32,592 | 34,229 |
| 356 | 389 | 373 | 355 | 496 |
| 43 | 48 | 48 | 54 | 47 |
| 175 | 169 | 169 | 178 | 165 |
| 177 | 202 | 189 | 175 | 187 |
| 9,050 | 13,665 | 13,882 | 9,560 | 4,188 |
| 47,278 | 52,290 | 70,621 | 58,005 | 30,197 |
| 3,001 | 1,804 | 1,725 | 1,828 | 3,523 |
| 13,454 | 13,993 | 14,612 | 14,336 | 13,945 |
| 233 | 243 | 258 | 265 | 328 |

**LAKE HAVASU CITY, ARIZONA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

| Function | Fiscal Year | | | | |
|-------------------------------|-------------|--------|--------|--------|--------|
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| <u>Public Safety</u> | | | | | |
| Police: | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | | | | | |
| Cars | 40 | 34 | 42 | 44 | 33 |
| Boats | 3 | 3 | 3 | 3 | 3 |
| UTV/Motors | 5 | 5 | 5 | 5 | 9 |
| Fire: | | | | | |
| Stations | 6 | 6 | 6 | 6 | 6 |
| Apparatus | | | | | |
| Fire Trucks | 11 | 11 | 16 | 11 | 11 |
| Vehicles | 23 | 23 | 23 | 36 | 34 |
| Boats | 1 | 1 | 1 | 1 | 1 |
| <u>Highways and Streets</u> | | | | | |
| Streets (Miles) | 435.0 | 435.0 | 435.0 | 435.0 | 435.0 |
| Streetlights | 84 | 84 | 84 | 84 | 84 |
| Traffic Signals | 13 | 13 | 13 | 13 | 14 |
| <u>Culture and Recreation</u> | | | | | |
| Parks Acreage | 125.0 | 125.0 | 130.0 | 130.0 | 130.0 |
| Parks Acreage - Sara Park | 1,082 | 1,082 | 1,082 | 1,082 | 1,082 |
| Parks | 15 | 15 | 15 | 15 | 16 |
| Swimming Pools | 1 | 1 | 1 | 1 | 1 |
| Water Launching Facility | 1 | 1 | 1 | 1 | 1 |
| Community Centers | 1 | 1 | 1 | 1 | 1 |
| <u>Water</u> | | | | | |
| Water Mains (Miles) | 500.0 | 500.0 | 500.0 | 500.0 | 456.0 |
| Fire Hydrants | 2,708 | 2,676 | 2,676 | 2,676 | 2,512 |
| Available Acre Feet | 28,318 | 28,318 | 28,318 | 28,582 | 25,460 |
| <u>Sewer</u> | | | | | |
| Sanitary Sewers (Miles) | 352.9 | 352.9 | 352.9 | 352.9 | 353.0 |
| <u>Transportation</u> | | | | | |
| Transit Buses (1) | 23 | 21 | 17 | 5 | 5 |
| <u>Airport</u> | | | | | |
| Enclosed Hangars | 78 | 78 | 78 | 78 | 78 |
| Shade Ports | 16 | 16 | 16 | 16 | 16 |

(1) Total number of transit buses decreased significantly in 2015 due to transition from traditional bus services to Havasu Mobility services.

Source: Lake Havasu City, Arizona departments.

| Fiscal Year | | | | |
|-------------|--------|--------|--------|--------|
| 2017 | 2018 | 2019 | 2020 | 2021 |
| 1 | 1 | 1 | 1 | 1 |
| 33 | 33 | 33 | 33 | 33 |
| 4 | 4 | 3 | 3 | 3 |
| 9 | 9 | 9 | 9 | 9 |
| 6 | 6 | 6 | 6 | 6 |
| 11 | 11 | 11 | 11 | 11 |
| 36 | 36 | 36 | 36 | 37 |
| 1 | 1 | 1 | 1 | 1 |
| 435.0 | 435.0 | 435.0 | 435.0 | 435.0 |
| 84 | 84 | 84 | 84 | 84 |
| 14 | 14 | 14 | 14 | 15 |
| 201.0 | 201.0 | 201.0 | 201.0 | 201.0 |
| 1,082 | 1,082 | 1,082 | 1,082 | 1,082 |
| 16 | 17 | 17 | 17 | 17 |
| 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 |
| 452.0 | 486.0 | 535.0 | 539.0 | 541.0 |
| 2,512 | 2,739 | 2,989 | 2,989 | 3,109 |
| 28,582 | 28,582 | 28,582 | 28,582 | 25,872 |
| 352.0 | 350.0 | 350.0 | 350.0 | 432.0 |
| 5 | 6 | 5 | 7 | 5 |
| 103 | 106 | 120 | 120 | 120 |
| 23 | 25 | 25 | 25 | 32 |

**LAKE HAVASU CITY, ARIZONA
MISCELLANEOUS STATISTICS
JUNE 30, 2021**

| | |
|---|-----------------|
| Date of Incorporation | October 2, 1978 |
| Form of Government | Council-Manager |
| Area | 46 square miles |
| Education | |
| Number of Schools: | |
| Public Elementary | 6 |
| Public Middle School | 1 |
| Public High School | 1 |
| Alternative Schools | 1 |
| Private | 1 |
| Charter Schools | 2 |
| Community College (Mohave) | 1 |
| State University (NAU) | 1 |
| State University (ASU) | 1 |
| Number of Students | |
| L.H.C. Unified School District | 5,163 |
| Alternative | 22 |
| Private | 290 |
| Charter | 516 |
| Community College (MCC) | 3,405 |
| State University (NAU/ASU) | 261 |
| Employees as of June 30, 2021 | |
| Full-Time | 429 |
| Part-Time | 146 |
| Elected Officials | 7 |
| Total Payroll Wages for Fiscal Year 2021 | \$ 29,588,681 |
| Elections | |
| Last Municipal General Election - November 2016 | |
| Number of Registered Voters | 33,726 |
| Number of Votes Cast | 25,950 |
| Percentage of Registered Voters | 76.94% |
| Last Municipal Primary Election - August 2020 | |
| Number of Registered Voters | 36,983 |
| Number of Votes Cast | 14,504 |
| Percentage of Registered Voters | 39.22% |
| At the time of incorporation | |
| Number of Registered Voters | 6,053 |
| Active Business Licenses | 4,866 |
| Lake Havasu City Municipal Airport (2013 Arizona Airport of the Year) | |
| Fixed Based Operators | 3 |
| Runway Length (in Feet) | 8,001 |

**LAKE HAVASU CITY, ARIZONA
MISCELLANEOUS STATISTICS (CONTINUED)
JUNE 30, 2021**

Population

Census Population Count (Calendar Year)

| | |
|---------|--------|
| 2020*** | 57,464 |
| 2019*** | 56,738 |
| 2018*** | 55,600 |
| 2017*** | 54,801 |
| 2016*** | 53,796 |
| 2015*** | 53,583 |
| 2014*** | 53,193 |
| 2013*** | 52,908 |
| 2012*** | 52,720 |
| 2011*** | 52,406 |
| 2010** | 52,527 |
| 2009* | 55,502 |
| 2008* | 55,429 |
| 2007* | 55,263 |
| 2006* | 54,610 |
| 2005* | 53,435 |
| 2004* | 51,700 |
| 1990** | 24,363 |
| 1980** | 15,926 |

*Arizona Department of Economic Security
 **United States Census
 ***Arizona Office of Employment and Population Statistics

Age Distribution of Population

| | | |
|-------------|---------------|-------------|
| 1-4 Years | 1,915 | 3.5% |
| 5-19 Years | 6,790 | 12.5% |
| 20-29 Years | 4,812 | 8.8% |
| 30-39 Years | 5,141 | 9.4% |
| 40-49 Years | 4,738 | 8.7% |
| 50-59 Years | 6,526 | 12.0% |
| 60-64 Years | 4,701 | 8.6% |
| 65+ Years | 19,879 | 36.5% |
| | <u>54,502</u> | <u>100%</u> |

Median Age 55.4

Median Household Income \$ 75,249

Median Age / Median Household Income/Age Distribution : Mohave County Economic Development

